BANK OF UGANDA

Communique of the 10th Meeting of the Financial Sector Stability Forum (FSSF)

Kampala, Uganda. December 04, 2025

Introduction

The Governor opened and chaired the 10th Financial Sector Stability Forum (FSSF), which convened at Mestil Hotel, Kampala, on December 04, 2025. The Forum provides a platform for cooperation and collaborative policymaking aimed at promoting financial sector stability and development and continues to serve as a key mechanism for aligning members' assessments of financial risks, enhancing preparedness, and safeguarding the resilience of Uganda's financial system.

The meeting was attended by the Chief Executive Officers (CEOs) of the member regulatory institutions, Permanent Secretary/Secretary to the Treasury (PSST) Ministry of Finance, Planning and Development (MoFPED), Governor Bank of Uganda (BoU) as the Chair and the Executive Director Supervision and Regulation Directorate at BoU as Secretary. The participating regulatory agencies comprised of BoU, the Capital Markets Authority (CMA), the Deposit Protection Fund (DPF), the Insurance Regulatory Authority (IRA), the Financial Intelligence Authority (FIA), and the Microfinance Regulation Department (MRD) of MoFPED.

Key Discussion Highlights

The FSSF members reviewed and discussed key developments and milestones in the financial sector, as well as emerging risks to financial stability arising from macro-financial trends, market dynamics, and recent regulatory reforms, including the regulation of large SACCOs.

Members observed that the financial system has remained sound and resilient over recent years, supported by strong capital and liquidity buffers and continued improvements in asset quality across supervised financial institutions. Domestic macroeconomic conditions have been broadly favorable, characterized by stable inflation, sustained economic activity, and positive private sector performance. These factors have helped to keep key macro-financial vulnerabilities contained at stable or moderate levels, providing a supportive environment for financial sector stability.

Notwithstanding these positive developments, members noted that the global environment remains challenging, with rising financial risks driven by stretched asset valuations and possible abrupt market corrections, increasing sovereign debt vulnerabilities, heightened geopolitical tensions, and persistent uncertainty in international financial markets. These global developments pose potential spillover risks to the domestic financial system.

At the domestic level, while liquidity and funding conditions have continued to strengthen, members highlighted that operational risks remain elevated, particularly those related to cybersecurity threats and fraud incidents affecting certain financial institutions. Although the overall incidence of such events has declined, the incidents persist.

Over the recent period, the financial sector recorded notable achievements, including the following:

1. The licensing of three (3) large SACCOs by the BoU, following the introduction of a mandatory regulatory and licensing framework for large SACCOs. This initiative is intended to enhance financial stability and protect members' funds. In total, the BoU has identified 99 large SACCOs that exceed the statutory thresholds of UGX 1.5 billion in voluntary savings and UGX 500 million in institutional capital and are therefore subject to licensing under the new framework.
2. The issuance of the Climate-Related Financial Risk Management Guidelines for banks in October 2025, which will take effect on 31 December 2025. These Guidelines aim to strengthen the financial system's resilience to climate-related risks and complement the Uganda Bankers Association (UBA) ESG Framework. Further, an IMF diagnostic Mission visited Uganda with the aim of enhancing the measurement and resilience to climate risk.
3. The Final Report of the National Crisis Simulation Exercise conducted in January 2025 and recommendations thereof, aimed at strengthening inter-institutional coordination and readiness of relevant authorities to manage systemic shocks in the financial sector.
4. The successful completion of a comprehensive, country-wide self-assessment to enhance the effectiveness of the Uganda's AML/CFT/CPF regime. The exercise identified key strengths and gaps, enabling authorities to address deficiencies ahead of the next mutual evaluation.
5. The gazette of four (4) regulations by Capital markets Authority and these include i) The Capital Markets (Licensing and Approval) Regulations 2025, ii) The Capital Markets (Conduct of Business) Regulations 2025, iii) The Capital Markets (Offer of Securities) Regulations 2025 and iv) The Capital Markets (Corporate Governance) Regulations 2025.
6. The issuance of two (2) new licenses and four (4) renewals were executed by CMA.
7. IRA's Risk-Based Supervision (RBS) software went live, a significant transformation from excel-based reporting to software.
8. The gazette of Capital Adequacy Regulations (Amendment) by IRA to govern how insurers maintain and measure adequate capital for solvency and risk-based supervision as well as

Takaful and Re-takaful Regulations to broaden insurance access by offering an alternative to conventional insurance.

9. The launch of the industry-led code of conduct by MRD for responsible digital lending by Financial Technology Service Providers in Uganda.
10. Following the pilot of the Tier 4 sector data switch to assess its effectiveness, Tier 4 institutions will report to the CRB through the MRD credit information sharing system, and the rollout has commenced.
11. The amendment of the license schedules in Regulations of Money Lenders, Non-Deposit Taking Microfinance Institutions, and SACCOs to enhance the regulation and governance of the microfinance sector in Uganda.

Resolutions and Commitments

The Forum agreed on the following actions:

1. **Expedite licensing of large SACCOs and enhance oversight** – Bank of Uganda, in collaboration with key stakeholders, to expedite the licensing of all large SACCOs and enhance their supervision and regulation in line with Section 6(2) of the MDI Act 2023.

2. **Enhancement of crisis preparedness and management** – To implement the recommendations from the National Crisis Simulation Exercise of January 2025 in order to strengthen crisis management and resolution frameworks. Conduct targeted institution-specific crisis simulation exercises in 2026 to ensure timely, coordinated, and effective responses in the event of a crisis.

3. **Joint Inspections and collaboration** –To enhance inter-agency cooperation through joint inspections of supervised financial institutions that have cross cutting oversight by different agencies starting May 2026, and to continue collaboration on coordinated, sector-wide public outreach initiatives covering both AML/CFT and other prudential matters.

4. **Regulatory Framework for Virtual Assets and Virtual Asset Service Providers (VA/VASPs):** To participate and conduct the Regulatory Impact Assessment to support the finalization of a comprehensive policy and regulatory framework for Virtual Assets and Virtual Asset Service Providers (VA/VASPs).

Issued by:

Governor Bank of Uganda/Chair FSSF