

First women's commercial bank launched in Uganda

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Women admire beads made by women groups in Sironko District. Women now have a reason to smile because they have the Uganda Finance Trust Bank to boost their financial activities
newvision

By Samuel Sanya

It all started with a group of women. Driven by the dream of financial freedom, they carried the hopes of other women and many low income people in Uganda that someday a small microfinance institution would usher many into a life of plenty. In spite of the wars that had rocked the country in the 1970's, cultural prejudices and relatively low incomes, they still trudged on toward their goal.

At the 1975 International Women's Conference in Mexico, the decade between the years of 1975-1985 had been dedicated to the empowerment of women, but nine years later, little had changed for women in Uganda. In the year 1984, single women could not open personal accounts in most commercial banks. Married women on the other hand, could open a savings account, but only after their spouse agreed to it.

The husband had the right to monitor the account, and this denied the women the right of confidentiality. Women had no land or assets worth staking as collateral and consequently, it was nearly impossible for women to access commercial bank loans.

Most women in business were doing menial jobs such as sewing table cloths, making mats and brewing the traditional beer. Their incomes were small and sometimes inconsistent; this

made them largely unbankable. Due to this, women were isolated from the financial services sector and their contribution to the economy was largely measured.

In August 1984, a group of women professionals started the Uganda Women's Finance and Credit Trust Limited (UWFCT) as a Non-Governmental Organisation (NGO) to look out for the interests of financially marginalised women. These women knew what many did not. They knew that little things add up. They knew that while independently their incomes might not matter, but collectively they were all too significant. They answered a global call for financial inclusion way before the United Nations did so. Until recently, the 'bottom billion', those people around the world that live on a dollar a day or less had been neglected.

Following research by Oxford professor, Paul Collier in 2007, the UN development framework now recognises that when at least 2.5 million low income earners around the world save as little as \$58 (sh147,900) annually, there can be a substantial \$145b (sh370trillion) made available each year to fight poverty. Initially, UWFCT counseled and educated women on the benefits of savings and utilising credit appropriately.

They taught women simple business management techniques such as record keeping enabling them operate their enterprises. At the time no formal bank had the skills and what it took to hold the hands of these small credit customers as they were considered to be overly risky. On 16th July 1997, UWFCT changed its name to the Uganda Women's Finance Trust (UWFT), acquiring a microfinance license to lend to small businesses, especially those of women. Slowly but surely, the new skills and credit from UWFT led to higher profit margins by the businesses of women around Uganda. An overwhelming need to save these profits in a secure environment arose.



Prof. Emmanuel Tumusiime Governor Bank of Uganda and the Chairperson Uganda Finance Trust Irene Muloni toasting to the opening of the new Uganda Finance Trust head office and unveiling of a new corporate identity in Katwe in 2008

On 24th March 2004, UWFT acquired a microfinance deposit taking institution license and begun to receive deposits from the wider public consequently changing its name to Uganda Finance Trust Limited. "When it became clear that the poor, even in Uganda can save, more microfinance institutions emerged," Emanuel Mutebile, the governor bank of Uganda said at the opening of the Finance Trusts headquarters in Katwe, a Kampala suburb. "Having been

the pioneer microfinance institution...Uganda Women Finance Trust (has) remained outstanding for its focus on reaching poor women, both in the rural and urban areas, “The Uganda Women Finance Trust opened a number of branches countrywide, gaining national recognition as well as outreach and experience,” he added.

To date, there are well over 100 micro finance institutions and many member and community based organizations in Uganda. Finance Trust gains Bank status On 11th November 2013, Uganda Finance Trust bank was granted a commercial bank license. It was formed as a share based for-profit company, to assume the financial services business of Uganda. New shareholders have come on board.

At the end of the year 2011, the dutch based Oikocredit owned 24.1%, the France based Investment and Partner (I&P) held 20.5%, UWFT 29.8%, Uganda Women Entrepreneurs 13.5%, and Sun mutual Cooperative Society held 12.1%. “At Finance Trust bank, we believe everyone, especially women, deserve the opportunity to access affordable financing to build and maximise their value creation activities,” Claire Tumwesigye, the banks marketing manager says.

“This is what gives meaning and value to our business, and to the working lives of our employees.” Close to 60% of all births are female, indicating that women empowerment is a long term goal. Though the bank has retained its focus on women entrepreneurs, it receives deposits from everybody. Finance Trust Bank has 31 branches countrywide, 70% of these branches are located in rural areas.

Two additional branches are planned for 2014 in the upcountry areas of the country where SACCOS are likely to exist. The bank’s managing director, Anne Mulindwa, says they are now testing mobile banking to avoid tying people to banking halls, and also the idea is to bring down costs using technology. The bank currently has 230,000 customers, of which there are 25,000 borrowers with different loan portfolios. The deposit base is sh43b, with sh58b loan portfolio and an asset base of sh91b.