

## 0. Prerequisites

### 0.1 Legal environment

#### 0.1.1 Responsibility for collecting, processing, and disseminating statistics

##### **Bank of Uganda**

The Bank of Uganda collects data on the Central Bank Survey and the BOP under authorisation from the Uganda Bureau of Statistics. As empowered by the *Uganda Bureau of Statistics Act, 1998*, the Uganda Bureau of Statistics (UBOS) is responsible for collecting, compiling, analyzing, and disseminating national statistics. Section 21 of the Statistics Act 1998 states that, UBOS can delegate authority to institutions to compile and disseminate specified statistical data. In a memorandum of understanding signed between UBOS, the BOU, and the Uganda Revenue Authority (URA), UBOS delegated to the BOU the responsibility to collect, compile, and disseminate monetary and external sector statistics. With reference to monetary sector statistics in particular, the Statistics Department uses the monthly balance of Bank of Uganda to compile the sectoral balance sheet, and produce and disseminate the Central bank survey.

According to Article 11(1) of the Foreign Exchange Act, 2004 the BOU may request any person in Uganda to furnish any information the BOU may require for the purpose of securing compliance with the provision of the Act. In addition, Article 4 of the Act empowers BOU to require any person resident to furnish details of any or all of his or her foreign exchange transactions or provide returns in a format prescribed by the Bank of Uganda, giving details of that person's foreign exchange transactions.

Data dissemination functions are granted to the BOU by Article 40 (2) of the Bank of Uganda Act, Cap 51 of 2000 that states that the BOU may publish in whole or in part information furnished to it under subsection 1 as the Board may determine.

## 2. Methodology

### 2.1 Concepts and definitions

#### 2.1.1 Concepts and definitions

The concepts and definitions used in the compilation of the monthly monetary survey are largely in line with the IMF's Monetary and Financial Statistics Manual (2000) and the

	<p>Monetary and Financial Compilation Guide (2008). The new reporting forms for commercial banks which were introduced in February 2008 are fully consistent with the concepts and definitions in the MFSM (2000).</p> <p>The presentation in the Bank of Uganda (BOU) Balance Sheet conforms to the <i>Monetary and Financial Statistics Manual 2000</i>. The definitions, Institutional Units, and Sectors (Government, the Financial sector, Households and Others) largely follow those advised by the <i>Monetary and Financial Statistics Manual 2000</i>.</p>
<p><u>2.2 Scope</u></p>	<p>Scope of the data</p> <p><b>Unit Coverage</b></p> <p>The monetary survey comprises data of the Central bank and Commercial banks. Bank of Uganda is the monetary authority of the country, and the Balance sheet is the consolidated statement of the head office, 5 regional branches and 4 currency centers. The commercial banks account is a consolidation of 22 commercial banks that accept deposits which are included in the national definition of broad money.</p> <p><b>Transactions</b></p> <p>Bank of Uganda performs all central banking operations in Uganda. Monetary statistics cover all transactions of Bank of Uganda and commercial banks with residents and non residents, and according the classification of the resident sector.</p> <p><b>Geographical Coverage</b></p> <p>The monetary survey covers Bank of Uganda headquarters, and all its branches and currency centers. It also includes consolidated statistics for commercial banks and their branches within Uganda.</p> <p><b>Exceptions to coverage</b></p> <p>Excluded from the current monetary survey are 6 Credit Institutions and Micro Finance Deposit Taking institutions that accept deposits. Data for these institutions are collected by BOU on a monthly basis and are consolidated separately for internal analysis. Further, data is also collected on foreign exchange</p>

	<p>bureau and the National Social Security Fund (NSSF), by the Supervision function for internal use only.</p> <p><b>Unrecorded activity</b></p> <p>There are other financial institutions which are not licensed and regulated by Bank of Uganda. These include Micro Finance Institutions (MFIs), Savings And Credit Co-operatives (SACCOs), and Insurance companies. No data is collected on the activities of these institutions.</p>
<p><u>2.3</u> <u>Classification/sectorization</u></p>	<p>2.3.1 Classification/sectorization</p> <p>Following the revision of the Statistical return used for reporting by commercial banks and the BOU chart of accounts, the current data submitted by commercial banks is consistent with sectorisation in the MFSM (2000). However, the monetary survey is still reported based on the old sectorisation i.e. (i) Central government (ii) Local government (iii) Public entities (iv) Banks (v) Other banking and non bank financial institutions (vi) others including individuals and private companies and (vii) non residents. (see 9.2.1)</p> <p>The monetary survey follows the following classification:</p> <ul style="list-style-type: none"> <li>• <b>Net foreign assets</b> <ul style="list-style-type: none"> <li>○ Monetary Authority (net):</li> </ul> <p><i>O/w Foreign reserves</i></p> <ul style="list-style-type: none"> <li>○ Commercial banks (net)</li> </ul> </li> <li>• <b>Net domestic credit</b> <ul style="list-style-type: none"> <li>○ Claims on central government</li> <li>○ Claims on non-financial public enterprises</li> <li>○ Claims on local government</li> <li>○ Claims on the private sector: <i>Crop finance; Other shilling loans to private sector; Foreign currency loans to residents</i></li> </ul> </li> <li>• <b>Other items (net)</b> <ul style="list-style-type: none"> <li>○ Revaluation</li> <li>○ Other (net)</li> <li>○ Reporting error</li> </ul> </li> <li>• <b>Net domestic assets (Net of revaluation)</b></li> </ul>

- **Broad money - M3**
  - Foreign exchange accounts
- **Broad money - M2A**
  - Certificates of deposit
- **Broad money - M2**
  - Currency in circulation
  - Private demand deposits
  - Private time and savings deposits

This is the sum of the aggregates of Bank of Uganda and Commercial banks. The NFA in both balance sheets is summed up, and the level of the foreign reserves of the central bank is reported separately. NDA also sums up the corresponding components. But, the claims on each other net out as the Reporting Error in OIN.

### **Broad money - M3.**

This is derived as:

Currency in circulation derived as currency issued by BOU less cash in vaults of banks

- + Demand, time and savings deposits = M2
- + Certificates of deposits = M2A
- + Foreign currency deposits = M3

The classification of the Bank of Uganda and Commercial bank accounts are as presented below:

#### **a. Bank of Uganda**

- **NFA = External assets - Foreign liabilities.**  
**External assets** of the central bank consist of the balances abroad and any investments. Also of interest are the Foreign Reserves, which is the sum of balances in foreign currencies that are convertible and available for BOP transactions.

**Foreign liabilities** consist mainly of Uganda's liability to the IMF.

- **NDA = Claims on Central Government (net) + Claims on Public Entities + Claims on Private Sector + Claims on Commercial Banks + Other Items (net) Claims on Government (net).** BOU is the main banker of

the Central government. As such, some government accounts will have credit balances and others will be overdrawn. The net position of these accounts is the claim on Government (overdrawn) or liability of BOU (credit).

In addition, BOU may be holding Government securities, and these are included in the calculation.

**Claims on Public entities.** Some parastatals have borrowed from BOU. This liability is recorded as a domestic asset of BOU.

**Claims on the private sector** consist of:

- Development Finance Department (DFD) loans to the private sector
- Staff loans at BOU
- Administered loans
- Overdrawn balances of insurance companies, etc

The sum is netted against non-bank, non-Government deposits at BOU.

**Claims on commercial banks.** This consists of overdrawn transaction accounts, and other accounts related to the closed banks, as well as Development Finance Funds (DFF).

**Other items (net).** Consists of other assets and other liabilities of the central bank, which are not classified elsewhere. These include revaluation of assets, capital and reserves and the fixed assets.

- **Base money** consists of currency issued by BOU and the commercial banks' deposits at BOU. It excludes the accounts of closed banks; balances on accounts into which amounts recovered from loans are deposited.

#### **b. Commercial banks' balance sheet**

Similar to the Central bank, the data in the consolidated BS 100 form of commercial banks is reclassified into the following broad categories of aggregates.

- **NFA = External assets - Foreign liabilities.**  
**External assets** of the commercial banks consists of their credit balances abroad, lending to non-residents (irrespective of currency) and any holding of foreign currencies in the vaults. **Foreign liabilities** are liabilities due to banks abroad, deposits of non-residents irrespective of currency, and administered funds from external sources.

	<ul style="list-style-type: none"> <li>• <b>NDA = Claims on Central Government (net) + Claims on Public Entities + Claims on Local Government + Claims on Private Sector + Claims on Bank of Uganda + Cash in vaults + Other Items (net)</b> <ul style="list-style-type: none"> <li>○ Claims on the central government (net) consist of any banks' lending to the central government, holding of the Government securities, less the deposit accounts of government in the banks.</li> <li>○ Claims on public entities or parastatals consist of lending by the banks to these enterprises.</li> <li>○ Claims on the local government are the banks' lending to the local government.</li> <li>○ Claims on the private sector currently consist of loans to the resident private sector classified by currency of loan.</li> <li>○ Claims on BOU is a net position of the banks' balances at BOU as recorded in the BS 100 (both credit and overdrawn balances), and investments if any in BOU papers.</li> <li>○ Cash in vaults of commercial banks in shillings.</li> <li>○ Other items (net) consist of other assets and other liabilities of the commercial banks, which are not classified elsewhere. These include revaluation of assets, capital and reserves and the fixed assets.</li> </ul> </li> <li>• <b>Deposit liabilities to the non-bank public</b> is the sum of foreign currency denominated deposits plus the shilling demand, time, savings and certificates of deposit (CD) of the resident private sector.</li> </ul>
<p><u>2.4 Basis for recording</u></p>	<p>2.4.1 Valuation</p> <p>Market prices are the main basis of valuation of amounts (transactions, other financial flows and stocks) reported in the data. Where market prices are not available, fair values (market equivalent values) are estimated. The only exception in the reporting is made regarding the valuation of loans, which are reported at book value, without adjusting for loan losses.</p> <p>The BOU has not held monetary gold since June 1996.</p> <p>Foreign currency denominated financial assets and liabilities are converted to local currency using end of reporting period mid exchange rates in the case of the Bank of Uganda. For commercial</p>

	<p>banks, relevant end of period exchange rate is used.</p> <p>For SDR denominated transactions or position, the exchange rate prevailing at the balance sheet date is used. Provisions: Provisions for non-performing loans and advances are classified as other liabilities, a component of other items (net). Provisions are not netted against outstanding amount of credit.</p> <p>2.4.2 Recording basis</p> <p>Recording is largely based on Accrual accounting. Accrued Interest on deposits, loans and advances, and securities is reported alongside the outstanding amount of the asset/liability, in the Balance Sheet. In the Survey, the two are summed up.</p> <p>2.4.3 Grossing/netting procedures</p> <p>Data reported by BOU and commercial banks are recorded on gross basis. For analytical purposes however, some data i.e. Net Foreign assets, Net Domestic Assets, Net claims on Government etc. are presented on net basis.</p>
<p><b>3. Accuracy and reliability</b></p>	
<p><u>3.1 Source data</u></p>	<p>3.1.1 Source data collection programs</p> <p>Data for the central bank is obtained from the BOU monthly statement of accounts. Data for commercial banks are obtained from "Monthly statements of assets and liabilities for commercial banks in Uganda" (form BS100), a statutory report form designed by the BOU. Since February 2010, the Commercial Banks, Credit Institutions and MDIs have been submitting data using a revised BS100 form with detailed instructions completing these statements.</p> <p>3.1.2 Source data definitions, scope, classifications, valuation, and time of recording</p>

	<p>Both the BOU accounts and the BS100 Form used in reporting bank's data which was revised in February 2010 conform to the <i>Monetary and Financial Statistics Manual 2000</i>. In addition, the requirements of the IFRS are also taken into account.</p> <p>3.1.3 Source data timeliness</p> <p>The BOU Balance Sheet is submitted two weeks after the reference month. A clear exception is the month of June, which is the end of the financial year, when a first draft is only available after a month, due to legal requirements for final external audit of the accounts. However, this problem is under discussion with a view to improvement.</p> <p>Commercial Banks are required to report to BOU not later than 15 days after the end of the reference month for monthly reports and not later than 30 days after the end of reference quarter for quarterly reports. The data is received by Supervision Function and consolidated before submission to Statistics Department by 20<sup>th</sup> of the following month.</p>
<p><u>3.2 Assessment of source data</u></p>	<p>3.2.1 Source data assessment</p> <p>The monthly BOU Balance Sheet and the BS100 Forms are reviewed for accuracy, by cross checking with other sources, such as the Supervision Function, the Balance of Payments Statistics, Financial Markets Department for data on, foreign currency transactions, holdings of securities other shares etc. Further, following the capture of the data, there is supervisory assessment within the Statistics department.</p>
<p><u>3.3 Statistical techniques</u></p>	<p>3.3.1 Source data statistical techniques</p> <p>The Source data is clearly classified into categories that conform to the MFSM 2000.</p> <p>The commercial banks' reports submitted to the BOU are first</p>

	<p>examined by the Supervision Function data for prudential regulation purposes. Banks are required to explain month to month variances in any category that exceed 10 percent.</p> <p>The Statistics Department analyses both the consolidated position for commercial banks and the individual banks for any variation in the figures presented. This is then aggregated with the BOU balance sheet to form a consolidated position for the entire banking system.</p> <p>All the data is analyzed and processed using customized Excel spreadsheets. Data at all stages are verified against a set of control indicators. The editing procedures include checks on the internal inconsistencies in data, missing data (gaps), exchange rate conversion, and completeness in recording entries.</p>
<p><u>3.4 Data validation</u></p>	<p>3.4.1 Validation of intermediate results</p> <p>Data is cross-checked for accuracy, against other sources. Data on holdings of securities etc is checked with the Financial Markets department; data on commercial bank transactions with the banking department and data from other banks, as well as the BOP.</p> <p>3.4.3 Assessment of discrepancies and other problems in statistical outputs</p> <p>In addition to what is given in 3.4.1 above, supervisory oversight within the Statistics department handles the investigation of discrepancies, analysis of the reporting error, closely working with the Bank Supervision Department. Follow up by phone and e-mail is also regular. Depository institutions are required by law to submit correct data. The Internal audit Function of the BOU also, plays a role, by analyzing the quarterly Central Bank Survey data.</p>
<p><b>4. Serviceability</b></p>	
<p><u>4.1 Periodicity and timeliness</u></p>	<p>4.1.1 Periodicity</p> <p>The depository corporation's survey is disseminated on a Monthly</p>

	<p>basis.</p> <p>4.1.2 Timeliness</p> <p>Central Bank survey is compiled within 2 weeks of the end of the reference month. The monetary survey is finalized and disseminated within four weeks of the end of the reference month.</p>
<p><u>4.2 Consistency</u></p>	<p>4.2.1 Internal consistency</p> <p>The Survey data is internally consistent, and a system of vertical checks and other internal checks are also used to ensure accuracy. The Statistics applies checks such as outstanding amount of loans and advances reported in the balance sheet and that reported in the sectoral distribution of loans and advances in the schedules.</p> <p>4.2.2 Temporal consistency</p> <p>A time series of the current format of the Central Bank Survey goes back to 1993.</p> <p>Major changes in methodology, unusual changes in economic trends as well as revisions due to the availability of new data are explained with footnotes and other explanatory notes to the Survey, which are available to anyone who accesses the data. The changes and revisions are applied retrospectively as far back as the data permits.</p> <p>4.2.3 Intersectoral and cross-domain consistency</p> <p>The statistics is consistent with major data sets such as BOP and fiscal accounts. Internal reconciliation is carried out from time to time to ensure consistencies in the data sets.</p>
<p><b>5. Accessibility</b></p>	
<p><u>5.1 Data</u></p>	<p>5.1.4 Simultaneous release</p>

### **Bank of Uganda**

Data are always released simultaneously to all users through dissemination workshops, hardcopy publications and on the BOU website. However, sometimes reports are published on the website before the printed reports are available.

#### 5.1.5 Dissemination on request

In addition to the data included in the BOU's publications and disseminated on the website, non published but non confidential statistics is provided on demand. Requests for such information can be made to the BOU Director Statistics Department, or to [info@bou.or.ug](mailto:info@bou.or.ug).