

BANK OF UGANDA



Remarks by the Executive Director Supervision at the Joint Media Brief for the NIRA e-KYC Project

January 17, 2020

Golden Tulip Hotel

Kampala

The Executive Director, Financial Sector Deepening Uganda,

Executive Director, Uganda Bankers Association,

Chief Executive Officer Laboremus Uganda Limited,

Media Houses Present,

Distinguished Guests, Ladies and Gentlemen

Happy New Year to you all.

I will begin by expressing BOU's gratitude to Financial Sector Deepening Uganda (FSDU) and the Uganda Bankers Association (UBA) for their extensive support for this e-KYC initiative that will significantly enhance transparency in financial service delivery.

The sustainable delivery of financial services significantly relies on the ease of uniquely identifying customers often referred to as Know Your Customer (KYC). The absence of a flexible, timely and cost effective means of verifying the identity of consumers of financial services has been a major and continuing constraint to financial inclusion and credit growth in Uganda.

For current consumers of credit provided by SFIs, there is unique identification using the financial card system. However this excludes other consumers of financial services, that continue to rely on manual KYC processes and procedures. Manual processes for KYC are highly susceptible to fraud and impersonation, and this downside has negative implication for consumer confidence in the financial system.

As you will recall, the Government of Uganda rolled out the National IDs under the Registration of Persons Act, 2015. Provisions within this law require the

use of a National ID and invariably the associated NIN, to access certain services, including those of a financial nature. Furthermore this law, established the National ID register as the single true source of information about all persons resident in Uganda.

Bank of Uganda in partnership with UBA and FSDU embarked on this initiative that will establish a centralized Application Programming Interface to enable a real-time and remote authentication of customer information in the Ugandan financial sector. Under the arrangement, the BOU supervised financial institutions and other authorized service providers shall collect the pre-agreed personal information, which shall then be submitted to NIRA through the system hosted at BOU for authentication. This information exchange between the NIRA and service providers shall be conducted over a secure electronic platform.

This initiative was to fulfill the planned rationale for the establishment of NIRA and the National ID system, to ensure that the National ID becomes and remains the key identifier for financial services consumers. It is these motivations, among others that discussions commenced and culminated in the signing a Memorandum of Understanding (MoU) for the establishment of an digitally based real-time verification interface. As I speak, the various stakeholders that stand to benefit from this initiative, including Bank of Uganda, NIRA, National Information Technology Authority and the supervised financial institutions are in the final stages of project implementation.

As this initiative gets actualized, financial institutions and other authorized users of this interface, are expected to, and shall embed robust KYC practices, processes and customer due diligence procedures in their operations. I am also glad to point out that, even before completion of this project, Bank of Uganda is in receipt of requests from other non-regulated and non-traditional financial

services providers such as SACCOs, that seek to benefit from this digital access for real-time identity authentication.

Ladies and Gentlemen, allow me once again to thank the development partners: Financial Sector Deepening Uganda & Uganda Bankers Association for the investment and efforts made to make this project a reality. Through a tripartite arrangement, we have completed the procurement of the vendor, Laboremus Uganda, a specialist IT firm that will design and build the solution.

As I conclude, I would like to note that Bank of Uganda will continue to provide the enabling legal and regulatory framework for the financial sector to thrive based on our recognition of the importance of digitizing financial services. The Bank is cognizant of the massive benefits that come with automation particularly in this digital era. I pledge our commitment to support private sector initiatives as a mechanism to achieve Uganda's development agenda and ultimately increase financial services penetration.

Thank you for listening.

Tumubweinee Twinemanzi (Dr.)
Executive Director Supervision
Bank of Uganda
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