

Emmanuel Tumusiime-Mutebile: The progress made on the introduction of Islamic banking in Uganda

Speech by Prof Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, on the occasion of Eid-El-Fitri celebrations at Bank of Uganda Western Gardens, Kampala, 17 September 2010.

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Your Eminence the Mufti of Uganda,
The Rt. Hon. Ali Kirunda Kivejinja, Third Deputy Prime Minister/Minister of Internal Affairs,
Hon Ministers,
Honorable Members of Parliament,
His Worship the Mayor of Kampala,
Chief Executives of Commercial Banks,
Bank of Uganda Senior Management,
Distinguished Guests, Ladies and Gentlemen,

Asalaam Aleikum,

Eid Mubarak, Eid Mubarak, Eid Mubarak!

It gives me great pleasure to welcome you to this auspicious occasion when we mark the end of the Holy month of Ramadan and to celebrate Eid-El-Fitri.

Let me take this opportunity to congratulate our Muslim brothers and sisters for having been steadfast in committing themselves to fulfilling one of the five pillars of Islam by fasting during the Holy Month of Ramadan; I pray that Allah accepts it. I urge all the Muslims who observed the fasting to maintain this noble act of worship. The virtues of fasting should be upheld throughout your daily life both at work and elsewhere.

At the Bank of Uganda, we believe that God plays a role in everything we do in executing the Bank's mandate "to fostering price stability and a sound financial system". That is why we adopted the culture of starting all our meetings with a prayer led by staff from different religions and denominations to seek God's guidance. We uphold the freedom of worship and no staff is constrained because of religious affiliation or creed and endeavor to accord equal opportunities to all. In this regard the Bank hosts the Christian Community to the Christmas thanksgiving we host the Muslims to the Eid celebrations. Let me once again assure you that the Bank is committed to hold this Eid-El-Fitri celebrations every year.

Allow me to appraise you on the progress made on the introduction of Islamic banking in Uganda which a number of local and foreign banks have expressed interest.

Ladies and gentlemen, Islamic banking is a system of banking or banking activity which is consistent with the principles of Islamic law (*Shari'ah*). An Islamic financial institution (IFI) is therefore one whose statute, rules and procedures expressly state its commitment to the principles of Islamic *Shari'ah* and to the banning of the receipt and payment of interest in any of its operations.

As you are aware, the current regulatory regime does not permit financial institutions to engage in Islamic banking. To close this gap, Bank of Uganda has proposed amendments to the Financial Institutions Act, 2004 to permit the licensing of and transacting by financial institutions in Islamic banking in Uganda. The proposed amendments to the law were submitted to the Finance Minister for consideration by Cabinet and subsequently Parliament for enactment. This amendment will bring Uganda in line with other EAC member countries that have licensed Islamic banking and finance. It will increase the depth, breadth and range of finance products bank customers can use to access banking services.

Let me conclude by wishing you once again happy celebrations. It is now my pleasure to invite Hon Ali Kirunda Kivejinja to address the congregation.

God Bless you all.

Asalaam Aleikum,

Eid Mubarak, Eid Mubarak, Eid Mubarak