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**AN ASSESSMENT OF THE SUPERVISION PRACTICES OF COMMERCIAL BANKS
IN UGANDA**

A CASE STUDY OF STANBIC BANK UGANDA LIMITED

BY

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Abstract

The purpose of the study was to examine the effectiveness of commercial bank supervision in Uganda. Objectives were; the supervision practices used by Bank of Uganda, the challenges facing commercial Banks supervision and the strategies of improving supervision of commercial Banks. A cross sectional research design was adopted, with a population of 1859, selected using simple random sampling and data was collected with self administered questionnaires. Pre-testing 10% of the instruments ensured reliability SPSS was used for data processing. Key findings were that the Central Bank carried out regular review meetings and ensured that Stanbic bank published information, both on site and off site inspection were used, recommendations and guidelines on management were noted, set minimum reserves for each bank, compelled public disclosure of information, first-hand knowledge of the condition and performance of banks was not available, interventions and penalties were rare, monetary policy stance was commonly used as well as adhoc analyses. Main challenges were lack of a well-defined Central bank framework, political interference, resource challenges, uncertainty, policy issues, low general public trust, sophisticated Crime and Bank fraud, minimal challenges relating to capital inflows. Strategies were having a central bank framework, no political interference, specialized training, accommodative monetary policy, improving public trust, reduction of Bank crime and Fraud, internal control, integrative supervision, cooperation in banking supervision, knowing customers and employees. Recommendations were training, reviewing the banking regulatory framework, knowing customers and employees, computerization, integrative supervision and setting pre-conditions for effective supervision. Supervision and cost savings in commercial banks approaches to supervision and acceptance of supervision in commercial banks, employee involvement and success of supervision programmes need to be explored by other researchers.