

Analysis of the Law Relating to Agency Banking in Uganda

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Abstract

Agent banking is a business of providing banking services to the customers of a bank or a financial institution on behalf of that particular bank or financial institution under a valid agency agreement. The parliament of the republic of Uganda passed the Financial Institutions (Amendment) Act, 2016 which provides for agent banking. Agent banking governed by the financial institutions (amendment) act, 2017 has enabled the financial institutions to enter into Digital Financing Space to drive financial inclusion and increase access to financial/ banking services to a range of under-served and unbanked population segments.

This study aimed at ascertaining the adoption of agency banking system in Uganda looking critically on the analyzing of the legal and institutional frame work of agency banking, its implications with other laws and the challenges facing the development. The major approach taken to achieve the objectives of the study is doctrinal approach that prioritizes the use of statutes, case law, legal text, text books, journals, reports, articles and other pertinent sources that systematically discuss and analyses the various principles of agency banking in Uganda and other jurisdictions. The agency banking system is designed to decongest the banking halls and extend banking services to rural areas where the cost of establishment and maintenance of a bank branch would be a burden to the Financial Institution. Agency banking has been effective in several countries for instance in Kenya, south Africa, Nigeria, Brazil, Pakistan, Indonesia among others. Since its launch in 2016, agent banking has seemed a successful channel for improving commercial banks market shares, financial performance, profitability as well as promoting financial inclusion. However, it has faced a number of problems which are legal, technical or operational.

Keywords: *Climate Change, Human Psychology, Emotional Impact, Cognitive Responses, Bibliometric Analysis.*

Introduction

This study assesses the idea of agency banking in Uganda. Critically checking on its introduction and adoption into the banking sector in Uganda whilst drawing compensation with other neighboring countries. Specifically checking on its development in Kenya, south Africa, Nigeria and Latin America.

The adoption of information and communications technology (ICT) helps many commercial banks to strengthen their competitive positions in a rapidly changing economy.

Agent banking is defined as a branchless model used to provide bank services by using third parties to perform some of the activities that are conventionally done by the bank's staffs in the branches. Depending on the terms of agreement between the banks and agents, the agents of the bank may serve regular banking services like money deposit and withdraws, money transfer, payment of salaries, and loan payments, pension payments together with providing statements of transactions of an account via infrastructures which enable sharing of customer particulars.

The Uganda parliament passed an amendment to the Financial Institutions Act of 2004 in January 2016. The amendment allowed banks to offer agency banking services in the country with the objective of financial inclusion at the forefront. As such, banks in Uganda have now adopted the agency banking model.

The central bank of Uganda in a bid to operationalize the Financial Institutions Amendment Act, 2016 and protect the consumers passed the Financial Institutions Act (Agent Banking) Regulations, 2017. Prior to the amendment of Financial Institutions Act, the main distribution channel for banks was through branches and automated teller machines (ATM) networks. However, these proved inadequate upon arrival of mobile money which without a doubt revolutionized the provision of financial services in Uganda. Further, mobile

money had grown to also start taking on services previously considered the preserve of financial institutions. this caused a threat of financial institutions that were afraid of being edged out hence the adoption of agent banking as a panacea.

The model empowers non-bank agents such as grocery stores, retail outlets, post offices, pharmacies or lottery outlets allowing banks to extend services in areas which do not have sufficient capacity to establish a formal branch which is particularly true in rural areas.

Statement of the Problem

The main objective of agency banking is reflected by the amendment of the Financial Institutions Act 2004 in January 2016 which was to allow banks to offer agent banking services with the objective of financial inclusion at the forefront.

Therefore, the need to analyze the performance of agency banking checking on the rate of adoption, the achievements of the model with regard to short comings and challenges posed by development.

In 2017, the Financial Institutions (Agent Banking) regulations were passed as a way of giving effect to the financial institutions Act amendment which was intended to include financial inclusion in Uganda.

The Financial Consumer Protection Monitoring Report January 2016 included that there was a limited outreach among banks, lack of financial access in many areas and limited information regarding consumer's levels of financial capability. Stake holders accentuated the importance of making changes to the microfinance deposit taking institutions to engage in agency banking.

In Uganda agents are not permitted to undertake cheques deposits, conduct foreign exchange transactions; these prohibitions among others make it incumbent upon me to investigate the operation of agency banking in Uganda. By extensively analyzing whether agent banking has fostered financial inclusion, whether agency banking (AB) facilitates consumer protection and the extent of compliancy by stake holders.

Objectives of Study

General Objective

To analyze the adoption of agency banking system in Uganda.

Specific Objectives

- To analyze the legal and institutional framework of agency banking in Uganda
- To examine the implication of agency banking with other laws
- To assess the challenges facing the development of agency banking in Uganda.

Research Questions

- What is the legal and institutional framework of agency banking in Uganda?
- What is the implication of agency banking law with other laws?
- What are the challenges facing the development of agency banking in Uganda?

Justification of the Study

Agency banking being one of the latest developments in the banking sector in Uganda. It was incumbent upon me to investigate the efficiency and ascertain the probable gaps which need to be addressed and ensure full force.

Having amended the Financial Institutions Act in 2016 and dully introducing agency banking, it is crucial to investigate whether the legislation has ably solved the financial gaps which existed prior to the amendments.

The concept of agency banking introduces in intermediary (agent) between a banker and a customer and therefore the need to evaluate how this new banking system has been implemented in Uganda. Further, there was need to determine whether the core principles of banking have been adhered to. For example, confidentiality and duty of care.

Significance of the Study

Agency banking brings banking services outside the banking hall, the study was intended to examine how banks have benefited from the noble development. The study further made an in-depth assessment on the standard of services offered under the agency banking. The study was intended to assess the impact of agency banking on the traditional over the counter banking system.

The study further was intended to be an aid to policy making and stipulate solutions to the current challenges arising from agency banking. For commercial law scholars the study reflects on the history, inception and adoption of the agency model of banking paying attention to the legal and institutional framework, achievements and shortcomings of the same and formidable recommendations to the problems associated with agency banking.

Scope of the Study

With the enactment of the FIA 2016 and the making of the financial institution (agency banking) Regulations, 2017. This study focuses on the evaluating and investigating the legal and institutional framework of agency banking keenly examining the effect of agency banking on the bank's performance, critically assessing the challenges facing the development of agency banking in Uganda and the implication of agency law with other laws in Uganda.

Literature Review

This will present the different literature reviewed about the previous related research to inform the arguments in the current reports. This literature review will help in identifying the knowledge gap that this study will be set out to fill.

This section presents the existing and related literature on agency banking. This literature will base on the study and present works of other scholars regarding the regulations of agency banking, the customer, the bank and agent relationship, the effects of agency banking and the challenges of agency banking in Uganda.

Agency banking is rooted from agency relationship which is based on the latin maxim *quir facit per albim facit perse* which means he who acts through another is deemed to be acting for himself. The contracts act defines an agent to mean a person employed by the principle to do any act for him or her or to represent him or her in dealing with the third party.

Fridman defines agency as relationship between two persons one called the agent considered in law to represent the other called a principal in such away to be able to affect the principal's legal position in respect of strangers.

In *Lamb and Son vs Growing Brick co. Ltd* an agency was defined as a situation where a person called an agent has power to bring another person called principal into contractual relationship with the third party.

The parliament of the Republic of Uganda passed the Financial Institutions (Amendment) Act, 2016 which makes provisions for agency banking. Agent banking, governed by agent banking regulations 2017 were to enable financial institutions enter into the digital financial inclusion and increase access to financial/banking services to a range of underserved and unbanked population segments.

Agency means the conduct by a person of financial institution business on behalf of a Financial Institution as may be approved by the central bank. And an agent means a person contracted by a financial institution to provide financial institution business on behalf of the financial institution.

UIBFS FINANCIAL SERVICES MAGAZINE agency banking refers to the extension of banking services away from the conventional branches to where a licensed commercial bank appoints a third party (agent) to transact business on its behalf. The agent could be a petrol station, a supermarket, a permanent mobile money agent, a rental shop and a hardware shop, among others. Those agents have the opportunity to share income with the commercial banks specifically fees.

Banks in Uganda through their umbrella body Uganda Bankers Association (UBA) approached agent banking through a shared interoperable technology platform and agent network management framework to harness the benefits that accrue from collaboration/convergence. The approach was meant to enable all agents provide agent banking services to customers of all/any bank as the individual banking situations continue to drive the recruitment of customers and marketing of their own products and services. Through this shared platform, banks use agent banking services to foster financial inclusion and deepen the financial infrastructure and financing lower levels of the economy helps families of any economic status to create a better life. Following the regulations passed in July 2017, banks in Uganda use agency banking as an extension of services traditionally offered in bank branches whereby third parties (agents) offer these services on behalf of the banks to explain their presence, particularly in rural areas where brick and mortar branches are often expensive.

A key mile stone in agent banking in Uganda was the establishment of the agent banking company, a subsidiary of the Uganda banker's association, which in April 2018 launched an agent shared platform to provide switching services for subscribing members. The shared platform is critical to addressing the challenges affecting the cost structure of the banks and the delivery of the diversified financial services to the masses. By end of 2020 most of the commercial banks had obtained the approval from the BOU to conduct agent banking and are now in active operation and currently the total number of approved agents in the last two years is over 263,698 operating country wide. Through agency banking most of the bank customers can now access their bank accounts, deposit, withdraw cash, get account balances, open bank accounts without going to the bank physically. Many banks such as, NCBA, Stanbic, bank of Africa, centenary bank and KCB have also developed digital solutions that enable their customers apply for loans online etc. digital banking solution.

Banks have designed innovative model with the aim of ensuring financial inclusion and extending financial services outside the banking hall have crafted and adopted agent banking. Agents provide arrange of services like balance enquiry, saving products cash deposits, account opening current accounts, cash withdraw statements credit products, transfer such as an internal transfers, real time gross settlement (RTGS), electronic funds transfer (EFTs), unity payment's such as water, electricity and pay TV, school fees payments and receiving salaries/wages loan payments, third party payments (NWSC, URA, KCCA) and center voucher (customer to non-customer payments).

According to the 2018 Finscope Survey, 78% (14.4million) of Ugandans are financially included, leaving only 22% (4.2million) financially excluded. Of the included adults more than half of the Ugandan adults (58%; 10.8million) have taken up formal financial services. Around 36% of the adults have overlap i.e. they have/use both formal and informal services. A close examination of the exclusion numbers reveals that 25% of adults in rural areas are excluded in compulsion to only 14% in urban areas. moreover, only 10%

urban adults rely entirely on formal services whereas the number stands at 23% for rural adults. The high cost of providing financial services in rural areas often means that formal financial institutions lack the incentive to penetrate these areas as well the ability to mitigate the perceived operational risks. High levels of financial exclusion and diminished economic prospects are therefore a direct consequence impacting these populations. However, with 76% Ugandan adults residing in rural areas, financial institutions not providing services in rural areas are missing on the largest market share.

In Centenary group integrated report 2021 in regard to financial inclusion, it indicates that the bank attained as at 31st December 2021, a number of customers enrolled for agent banking stood at 706,719 in 2021 from 519,778 in 2020 and 217,411 from 2018. The number of branches stood at 77 and 191 ATMs and 124,751 clients using mobile banking services. Centenary bank is leading on mobile banking connection at 46% and on agents at 42.3% of the industry bank has 5,400 agents' country wide and 77 branches.

In Equity bank group 2021 Annual Report it was indicated that the equity group is increasingly shifting from its legacy brick and mortar models fixed cost structure of branches and ATMs to variable costs, self-service model and clients own electronic devices or third-party infrastructure. The agency network has grown to reach over 50,000 agents which saw the transaction value grow by 16% to shs. 1,494.2 billion to 929.3 billion and transactions value grew 7% from 75.7million to 81.3million.

U.D Ayegbeni Agency banking in Nigeria said that inclusive financial system allows the low-income groups to smoothen their consumption and make projects in the interest of safety. Financial inclusion is the effective and convenient access of financial services. For example, mobile banking, ATM. Agency banking refers to the rendering of the bank services by another person (called the agent) on behalf of a deposit money bank (DMB) which could be a bank or any financial institution that accept deposit. Agent banking is body of corporate with the power of attorney to action on behalf of the financial institution. It is thus platform provided by DMB to attend to clients that may not be able to access bank services at conventional level.

Latta J (2016) examined the role of agency banking in promoting financial inclusion in Tanzania. It was guided with the main objective which was to examine the determinants of agency banking that promote financial inclusion, the study found that agent banking was positive model towards promoting financial inclusion in Tanzania due to the facts that the costs of agency banking were considered to be lower matched to costs for running traditional branches. This is because agency banking bridges the financial inclusion gap by tapping into the unbanked population as banks are able to extend their services to remote areas who eases and boost financial inclusion in the country.

Bram Peters and Naomi De Groot stated that agency banking offers the potential to increase and deepen the financial inclusion across Uganda. The banks in Uganda can use agency banking an extension of services traditionally offered in bank branches where by third party(agent) offer their services on behalf of the banks to expand their presence, particularly on rural areas where brick and mortar branches are often expensive. For example, agency estimates indicate that over 9million Ugandans need to travel more an hour to access bank branches. I respectfully agree with Bram Peters and Naomi De Groot because through agent banking, banks are able to extend their services to remote areas which eases and boost financial inclusion in the country.

In Bank Negara Malaysia 2021 agency banking refers to the provision of financial services which at the minimum, includes the services of accepting deposits and facilitating withdrawal of funds by customers, by a participating financial institution through agent. The agent banking arrangement is established through an agency agreement between financial institutions and agents.

Regarding the definition of a bank, the Financial Institution Act defines a bank as bank licensed under the act. The bill of exchange act, defines a bank as including a body of persons whether incorporated or not who carry on the business of banking.

1.8 Research Methodology

I adopted the doctrinal research methodology. A doctrinal legal Research methodology involves a search for a system of general, logically consistent principles, built up from a study of particular instances. This system is built on empirical and rational foundations. It is loosely empirical in that the researchers work within the raw data of cases and other legal provisions. It is rationalist because it presupposes that the system is logical and internally coherent. This intelligibility is rooted in logical deductions derived from a priority propositions, and the principles of inductive generalization and analogous reasoning.

In relying on it as a method for answering a research question, one implicitly takes seriously the institutions and concepts through which law expresses its structural coherence. Doctrinal legal method is, for example, premised on valid sources of law which serve to limit the scope of any legal question and its validity. The study used a doctrinal approach that prioritizes sources that systematically discuss and analyses the various principles of agency banking in Uganda.

Agency Banking

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Agency theory considers the optimal form of contract to control relationships in which one 'principal' – an entity or an organization – delegates work to another, the 'agent' Agency theory attempts to explain two problems. Type I agency problem consists of the separation between ownership and control, which leads to a divergence between management and owner interests. Type II agency problem arises from conflicts between controlling and non-controlling shareholders, which can result in executive entrenchment. In economics, the main idea of agency theory is that the relationship between the principal and the agent should reflect efficient organization of information and risk-bearing costs the theory attempts to solve

problems of agency which occur when the principal and agent pursue different goals and have different risk preferences.

Chapter Two

The Legal and Institutional Framework of Agency Banking in Uganda

Introduction

Due to the importance of agent banking to the economy, appropriate regulation is essential to ensure safety, and efficiency of the agents. Effective regulation starts with a sound legal and regulatory framework. It is self-evident that lack of a regulatory and supervisory framework for agency banking in Uganda has effect on the productivity financial sector. To address this challenge, the government, legislators and other bodies developed a regulatory framework. A review of the agent banking system legal and regulatory framework in Uganda currently shows that there are several pieces of legislation that are relevant to its regulation which include;

The Constitution of The Republic of Uganda, 1995 s Amended

The Constitution is the supreme of the land and all other laws must conform to the constitution. In the event that any law is inconsistent with the Constitution, the Constitution takes precedence. This means that where there is a conflict between the Constitution and any other law, the provisions of the Constitution have to be followed. The Constitution establishes the Central bank and provides that among the functions of the central bank is to encourage and promote economic development and efficient utilization of the resources of Uganda through effective operation of a banking and credit system. With respect to licensing of commercial banks in Uganda, the authority is vested in Central Bank, which is supposed to screen the applicants' application for a license thoroughly. This is to ensure that people of questionable character are prevented from entering the banking industry. The requirements to satisfy an application for a license in this respect are laid down in the Financial Institutions Act

The Constitution also empowers the parliament to make laws on matters of peace, order and development This has led to the enactment of different statutes which favor the development of the banking sector mainly through the tool of agency banking in different areas of the worldlike The Bank of Uganda Act, The Financial Institutions Act as amended and more others. Additionally, the Constitution stipulates that no person shall be subjected to any interference with the privacy of that person's home, correspondence, communication or other property. This calls for the agents' upholding of the duty of confidentiality while carrying out their agent banking business.

The Contracts Act, 2010

This Act was enacted to codify the law relating to contracts and to provide for other related matters. An agent means a person employed by a principal to do any act for that principal or to represent the principal in dealing with the third person

A principal means a person who employs an agent to do any act for him or her or to represent him or her in dealing with a third person. For a person to act as an agent, that person must be eighteen years or above, is of sound mind and is not disqualified from acting as an agent by any law to which he or she is subject. However, Consideration is not necessary to create an agency despite that fact that all other elements of a valid contract must be available when creating and agent-principal relationship.

The authority of an agent may be express or implied. It is express where it is given by spoken or written words and implied where it is to be inferred from the circumstances of a case. Additionally, an agent with authority to carry on a business has authority to do anything which is necessary for the purpose of carrying on the business or which is usually done in the course of conducting the business. However, an agent shall not employ another to perform an act which the agent expressly or impliedly undertook to perform

personally. But, where the ordinary custom of a trade allows it, a sub-agent may be employed to perform an act which the agent expressly or impliedly has undertaken to perform personally or where the nature of an agency allows it, a sub-agent may be employed to perform an act which the agent expressly or impliedly has undertaken to perform personally.

The Bank of Uganda Act.

The Act seeks to regulate the issuing of legal tender, maintaining external reserves and for promoting the stability of the currency and a sound financial structure conducive to a balanced and sustained rate of growth of the economy and for other purposes related to the above. Among the functions of the bank shall be to formulate and implement monetary policy directed to economic objectives of achieving and maintaining economic stability.

Without prejudice to the generality of subsection the bank shall where appropriate, act as agent in financial matters for the Government, be the banker to financial institutions and supervise, regulate, control and discipline all financial institutions and pension funds institutions. The Act stipulates that the bank shall in the discharge of its functions under this Act seek the cooperation of and cooperate with financial institutions in order to promote and maintain adequate and reasonable banking services for the public, to ensure high standards of conduct and management throughout the banking system and to promote such policies not being inconsistent with any provision of this Act. This has evolved the use development of agency in different banks as a tool extent banking services to the public

The bank shall not publish or disclose any information regarding the affairs of a financial institution or of a customer of a financial institution unless the consent of the institution or the customer has been obtained. Additionally, the bank may appoint any financial institution as its agent for the issue, reissue, exchange and withdrawal of notes and coins or for any other purpose on terms and conditions that may be agreed upon by the bank and the institution appointed agent .

The Financial Institutions Act as Amended in 2016

The Financial Institutions Act of 2016 seek to amend the financial institutions Act of 2004 to provide for agent banking in Uganda. It defines an agent to means a person contracted by a financial institution to provide financial institution business on behalf of the financial institution in accordance with this Act .Also, agent banking was defined to means the conduct by a person of financial institution business on behalf of a financial institution as may be approved by the Central Bank .

A person shall not transact any deposit taking or other financial institution business in Uganda without a valid license granted for the purpose of this Act and a person licensed to carry out financial institution business may carry out the licensed business through an agent. This section thus commenced agency baking business in Uganda through the various financial institutions.

The Act gives mandate to the central bank in consultation with the minister to make regulations in respect of agent banking. This led to the enactment of the financial institutions (agent banking) regulations of 2017. The Act goes ahead and stipulate that a license granted under the Act shall indicate the name, address, type of the financial institutions business, financial services it is licensed to conduct, place or places of which the license is authorized to conduct the business and in case of a financial institution permitted to conduct agent banking, the license shall indicate the word agents . The central bank in consultation with the minister may make regulations providing for agent banking. This led to the enactment of the financial Institutions (Agent banking) Regulations of 2017

The Anti-Money Laundering Act 2013

The preamble of the Anti-Money Laundering Act, 2013 as amended is to the effect that an Act to provide for the establishment of the financial intelligence authority and the financial intelligence authority board in

order to combat money laundering activities, to impose on institutions and other persons, businesses and professions who might be used for money laundering purposes.

The Act defines shell bank means a bank incorporated in a jurisdiction in which it has no physical presence and which is not subject to effective consolidated supervision and supervisory authority means a body that regulates or supervises any of the persons and businesses listed in paragraph 14 of 2nd Schedule a shall supervise those persons and businesses in matters relating to anti money laundering and countering and financing of terrorism.

Any person who conducts the business of acceptance of deposits and other payable funds from the public including private banking and the transfer of money or value. However, person shall not disclose any information that will identify any person who handled a transaction in respect of which a suspicious transaction report has been made.

The accountable person shall maintain accounts for clients or customers in the true names of the account holder and shall not open or keep anonymous accounts. This protects the identification of clients, customer, other persons and anti-money laundering measures while conducting the agency banking business

National Payment Systems Act.

The National Payment Systems Act, 2020 seeks to bridge this gap by providing for the safety and efficiency of payment systems; the regulation of payment systems, payment service providers and the issuance of electronic money, among others. The Act applies to an operator of a payment system, a payment service provider and an issuer of a payment instrument and does not apply to securities deposited or held in the Securities Central Depository established under the Securities Central Depository Act, 2009 and traded at the Uganda Securities Exchange. This includes the applicability of the Act to agents while carrying out their agency banking business.

The central bank as the regulator, supervisor, and overseer of the operations of payment systems in order to ensure their safety and efficiency shall exercise various functions which include regulation and supervision of payment service providers and operators of payment systems, consideration of applications for licenses, monitoring and oversight of cross border payments, providing settlement services to payment systems and settlement of monetary value of securities and approving rules and arrangements relating to the operation of payment systems including netting arrangements, risk-sharing and risk control mechanisms, finality of settlement and finality of payment and other matters relating to systemic

It should be noted that in relation to the securities settlement system, the Act limits the central bank's functions to the issuance, redemption, and settlement of debentures, stocks, shares, treasury bills and bonds issued or proposed to be issued by Government; and the transfer of monetary value for debentures, stock, shares, bonds or notes issued or proposed to be issued by a body corporate.

A person shall not offer a payment service, operate a payment system or issue a payment instrument without a license issued by the central bank. However, the requirement to have a license will not apply to payment instruments issued by the central bank, payment services offered by the central bank or payment systems operated by the central bank. The Act also provides that a system is eligible to be licensed by the central bank if it has any of the objects prescribed therein. These objects include clearing of payment instructions between financial and on-bank, settling of obligations arising from clearing of payment instructions, transfer of funds from one account to another using an electronic device, provision of electronic payment services to the unbanked and under-banked population or fulfilling payment obligations at points of sale, merchant outlets or over the

In terms of oversight, the Act confers certain powers and responsibilities on the central bank for purposes of ensuring the safety and efficiency of payment systems. These include the power to issue directives to licenses in respect of payment systems or payment instruments, appointment of an external auditor or directing an external auditor of a service provider, a participant or an operator of a payment system, to

examine that service provider, participant or operator of payment system in respect of matters as may be specified by the central bank and inspection of operations of a payment service provider or an operator of a payment.

The Act provides for the protection of customer information by imposing a duty on the license and the central bank to protect the privacy of a participant and customer information and not to disclose information of a participant or customer unless the disclosure is made in compliance with the law, an order of a court or with the express consent of the system participant or customer. Additionally, it also requires a payment service provider to comply with the requirements of consumer protection as may be prescribed by the central bank. Furthermore, a payment service provider may not mislead a consumer in any advertisement or purport to offer a service that is not approved in accordance with the Act.

In regard to the principles of securities payments systems, the Act stipulates that any securities that are settled in the central bank shall be operated in accordance with the delivery versus payment principle. The securities settlement system shall segregate between the assets of the operator of the securities settlement system and the securities held by the participants of that settlement system for themselves, and for the clients of the participant. The balance of a settlement account held with a central securities depository system shall not be attached or seized, except by a payment system operator or a settlement agent.

The Computer Misuse Act 2011

An Act was established to make provision for the safety and security of electronic transactions and information systems, to prevent unlawful access, abuse or misuse of information systems including computers and to make provision for securing the conduct of electronic transactions in a trustworthy electronic environment and to provide for other related matters.

It should be noted that the Ugandan banking industry had embraced new technology in order to fulfill the dreams of their customers and to create healthy competition. This is through the use of ICT in carrying out the banking thus they are also regulated by the Computer Misuse Act of 2011. Access by a person to any program or data held in a computer is authorized if the person is entitled to control access to the program or data in question or the person has consent to access that program or data from any person who is charged with giving that consent. It should be remembered that agents enter into various agency agreements with financial institutions so that they can be allowed to conduct agency banking, after the agreements, it is implied that they have consented and allowed agents to access computer programs to be used while conducting the agency business. However, if the agreement is not entered into, any persons who conduct agency banking without any authority will not be entitled to access the programs and anyone who does so commits an offence.

A person who intentionally accesses or intercepts any program or data without authority or permission to do so, intentionally and without authority to do so, interferes with data in a manner that causes the program or data to be modified, damaged, destroyed or rendered ineffective, commits an offence, unlawfully produces, sells, offers to sell, procures for use, designs, adapts for use, distributes or possesses any device, including a computer program or a component which is designed primarily to overcome security measures for the protection of data or performs any of those acts with regard to a password, access code or any other similar kind of data, utilizes any device or computer program in order to unlawfully overcome security measures designed to protect the program or data or access to that program or data or accesses any information system so as to constitute a denial including a partial denial of service to legitimate users commits an offence. This protects the data of agents in regard to carrying out agency banking business as it creates confidence and trust among clients as any person who carries out any unauthorized activity commits an offence and is liable on conviction to a fine not exceeding two hundred and forty currency points or imprisonment not exceeding ten years or both.

The Act also provides for the duty of confidentiality which must be upheld by the agents because any person who has access to any electronic data, record, book register, correspondence, information, document or any other material shall not disclose to any other person or use for any other purpose other

than that for which he or she obtained access or else commits an offence and is liable on conviction to a fine not exceeding two hundred and forty currency points or imprisonment not exceeding ten years or both . Additionally, the Act provide for more computer misuse offences and their penalties to include unauthorized disclosure of the access code, obstruction of use of a computer, electronic fraud, abetment and attempts.

The Electronic Signatures Act 2011

The Act seeks to make provision for and to regulate the use of electronic signatures and to provide for other related matters. It should clearly be noted that the agents of various institutions are also governed by the Act while carrying out their business.

Under the Act, an e-signature is defined as data in electronic form affixed to or logically associated with a data message, which may be used to identify the signatory in relation to the data message and indicate the signatory's approval of the information contained in the data message; and includes an advanced electronic signature and the secure signature.

Section 3 states that, nothing in the Act shall be applied so as to exclude, restrict or deprive of legal effect any method of creating an electronic signature that satisfies the requirements for a signature in the Act or otherwise meets the requirements of any other applicable law. In other words, as long as an e-signature meets the requirements under the Act, it does not matter what method, software or platform is used to create that e-signature.

According to the Act, where the signature of a person is required by law, that requirement is met if a reliable electronic signature is used. An e-signature is considered to be reliable if it meets four basic requirements, namely the signature creation data must be linked to the signatory only, the signatory must be solely in control of the signature creation data at the time of signing any alteration of the e-signature made after signing must be detectable; and

Where a signature is required by law for the purpose of assurance to the integrity of the information to which it relates (for instance signatures by witnesses), any alteration made to that information after signing must be detectable. Agents while carrying out their agency banking business use many popular software such as Microsoft Word and Adobe PDF which have already adapted the requirements within their e-signature feature.

The Electronic Transactions Act 2011

The Electronic Transactions Act, 2011 is a law enacted in 2011 to provide for the use, security, facilitation and regulation of electronic communications and transactions. Key among its objectives are provision of a legal and regulatory framework to enable and facilitate electronic communication and transactions, removal and elimination of legal and operational barriers to electronic transactions, promotion of technology neutrality in applying legislation to electronic communications and transactions, provision of legal certainty and public confidence in the use of electronic communications and transactions, ensuring that electronic transactions in Uganda conform to the best practices by international standards, promote the development of electronic transactions that are responsive to the needs of users and consumers and foster economic and social prosperity among others .

The Act stipulates that any information shall not be denied legal effect, validity or enforcement solely on the ground that it is wholly or partly in the form of a data message . This therefore provides that the information provided by the agents in valid despite the fact that such information is obtained and produced electronically thus creating trust and confidence by the customers in the business conducted by the agents.

Data Protection and Privacy Act, 2019

The Act gives effect to Article 27(2) of the Constitution which provides for the protection of citizens' rights to privacy. The Act seeks to protect the privacy of individual and of persons data by regulating the collection and processing of personal information, regulate the use of or disclosure of personal information and provide for the right of persons whose data is collected and the obligation of data collectors, data processors and data controllers. It applies to a person, institutions or public body collecting, processing, holding or using personal data with in⁷² Uganda. Since banks and their agents also collect data of their customers, the data Protection and Privacy Act is applied in carrying out the banking business.

A data controller and data collector is defined to mean a person who alone, jointly with other persons or in common with other persons or as a statutory right determined the purposes for the manner in which personal data is processed or to be processes and a person who collects personal data respectively. Personal data means information about a person from which the person can be identified that is recorded in any form and includes data that related to the person's nationality, age, marital status, education level, occupation, identity, identification number or other particulars assigned to a person. From the definitions provided, it is clear evidence that since banks and their agents collect personal data of different clients, they are regarded as data controllers and data collectors.

The banks and the agents are required to secure the integrity of personal data in their possession or control by adopting appropriate, reasonable, technical and organizational measures to prevent loss, damage or unauthorized destruction and unlawful access to or unauthorized processing of the personal data. This will help to revive confidence and trust of clients in adopting agency banking. Additionally, agents shall be accountable to the data subject for data collected, processed or held in use, shall observe security safeguards in respect of the data, and retain personal data. Besides, data collectors (agents) are restricted from collecting, processing personal data in a manner which infringes on the privacy of the data subject. This calls for the duty of confidentiality by the agents while carrying out their agent banking business.

Financial Institutions (Agent) Banking Regulations 2017

The financial institutions (Agent) Banking regulations 2017 were made in exercise of the powers conferred upon the Central Bank by section: 4(2b) and 131 (1 b) of the Financial Institutions Act, 2004, and in consultation with the Minister responsible for finance, these Regulation and shall apply to all financial institutions in Uganda and their agents

The Financial Institutions (Agent Banking) Regulations, 2017 broadly govern agent banking as a delivery channel for offering bank services in a cost-effective manner to foster financial inclusion, to set out activities which may be carried out by an agent, to provide a framework for offering agent banking services and to provide a set of minimum standards of customer protection and risk management to be adhered to in the conduct of agent banking.

The regulations define an agent to means a person contracted by a financial institution to provide financial institution business on behalf of the financial institution in accordance with the Act and these Regulations and agent banking to mean the conduct by a person of financial institution business on behalf of a financial institution as may be approved by the Central Bank. In Uganda today, persons eligible to be agents are a sole proprietorship, a partnership, a company, a cooperative society, a microfinance institution, an entity approved by the Central Bank. These however have to meet a couple of pre-requisites for conducting agent banking.

A financial institution shall put in place an effective agent selection process and carry out due diligence on every person it intends to engage as an agent. A person shall not be appointed as an agent, unless the person, has for consecutive six months prior to the making of the application operated an account in a financial institution licensed by the Central Bank, has a licensed business, has a physical address, has adequate and secure premises, has been engaged in the licensed business for at least twelve months. It should clearly be noted that a financial institution shall not conduct agent banking in Uganda without the prior written

approval from the Central Bank . Which must be through an application made to the Central Bank . An application shall provide the strategy for agent banking including the number of agents per district for the next twelve months and management of the agent network including agent training, agent supervision and liquidity management, the proposed technology platform to run the agent banking, which must be capable of processing instructions issued electronically in real time, the agent selection due diligence policy and procedures, the policies and procedures applicable to the provision of services through agents, the services intended to be provided through agents and shall be accompanied with a draft of the agency agreement between the financial institution and the agent; and a risk management framework for agent banking as supporting documents .

The Financial Institutions (Agent Banking) regulations, 2017, issued by Central Bank of Uganda state that an agent shall clearly display in a conspicuous place at its premises the signage of the financial institution which shall include the responsible parent branch, the agent's unique identification number and the dedicated telephone line through which customers can contact the financial institution, a list of the services offered and the prohibited activities and a written notice that no charges or fees are levied at the agent location and all fees and charges imposed on services or products under agent banking.

Any financial institution willing to engage in agency banking shall apply for a license to do so from Bank of Uganda. Applicants need to submit the following: Clear strategy, including the number of agents per district, management plan for the agent network including agent training, agent supervision and liquidity management, proposed technology platform, agent selection and due diligence procedures, services intended to be offered through agents, draft agency agreement between the financial institution and the agent, and risk management framework for agent banking.

Where the Central Bank is satisfied that all the application requirements have been satisfied by a financial institution, the Central Bank shall, within three months of receipt of all the requisite information, communicate its decision regarding the application to the financial institution .Additionally, a financial institution approved to conduct agent banking shall enter into a written agreement with each agent before the agent conducts business on behalf of the financial institution and an agent shall not offer financial services on behalf of a financial institution without a valid agency agreement .An agency agreement shall specify the liability of any acts or omissions of the agent to the extent of the agent's express or implied authority, to be born by the financial institution, set out the services to be provided by the agent, set out the activities the agent is prohibited from engaging⁸⁶ in, provide for the remuneration arrangement, set out the anti-money laundering and countering the financing of terrorism arrangements including a requirement for an agent to report suspicious transactions to the financial institution, provide the responsibilities and liabilities of the agent and the financial institution, require that all information or data the agent collects in relation to agent banking is property of the financial institution and subject to data protection requirements, provide for the power of the central bank to access any information, systems and premises related to the agent, set out transaction limits of the agent, specify the terms and conditions of termination of the agent agreement, provide that the Central Bank can direct the termination of the agreement as it deems appropriate, set out transitional clause on rights and obligations of the financial institution- and the agent upon termination or cessation of the agency agreement and specify that employees of the agent shall not be treated as employees of the financial institution .

An agreement between a financial institution and an agent shall not include a provision prohibiting the agent from conducting agent banking with other financial institutions. An agent may provide agent banking for other approved financial institutions provided that the agent enters into an agency agreement with each financial institution and the agent has the capacity to manage the transactions for the different financial institutions.

The regulations provide that every agency agreement shall provide for termination of the agreement. An agency agreement may be terminated by the financial institution, if an agent carries on agent banking when its licensed business has ceased, is convicted of a criminal offence involving fraud, dishonesty or other financial impropriety, sustains a financial loss or damage to such a degree which, in the opinion of the financial institution, makes it impossible for the agent to gain its financial soundness within three months

from the date of the loss or damage, is being dissolved or wound up through court or otherwise, in case of a sole proprietor, he or she dies or becomes mentally incapacitated, transfers, relocates or closes its place of agent banking without prior written consent of the financial institution, fails to renew or does not hold a valid business license or contravenes these Regulations.

Where an agency agreement is terminated, the financial institution shall cause a notice of the termination to be published within the locality of the premises where the agent was operating or in any other way or manner as to inform the general public of the cessation of the agency agreement.

The regulations stipulates for various permissible activities that can be conducted by an agent while conducting agent banking to include the collection and forwarding of information and supporting documents for account opening or applications for payment instruments, cash deposit and cash withdrawal, the payment services including bill payments, money transfers, facilitating disbursement and repayment of loans, the receipt and forwarding of documents in relation to loans and leases and any other permitted products, Payment of retirement and social benefits, account balance enquiry, the provision of account statements, the provision of a communication and distribution channel for the institution .

The regulations, however, often sets limits on the role agents can play in providing financial services, reflecting concerns over the reliability, security, and competence of such third parties. Some regulators are even considering different categories of agents based on the services offered with less stringent eligibility standards for those agents offering only basic services, such as cash-in and cash-out services. However an agent shall not offer financial institution business on its own accord, except where it is the agent's principal business as at the time of engagement;

An agent is also restricted from continuing with the agency banking where it has a proven criminal record involving fraud, dishonesty, integrity or any other financial impropriety, providing, render or hold out to be providing or rendering any banking service which is not specifically permitted in the agency agreement, operating or carrying out a transaction when the system is down or when there is any communication failure in the system, or in the customer's absence, carry out a transaction when a system generated receipt or acknowledgement of the transaction cannot be generated, charging fees directly to customers, undertaking cheque deposits or encashment of cheques, distributing cheque books, distributing debit cards, credit cards or PIN mailers, conducting foreign exchange transactions or subcontracting other persons to provide agency banking services.

A financial institution shall train its agents on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements, as provided for in the Anti-Money Laundering Act, 2013 and Anti-Terrorism Act 2002, Receiving complaints and handling their resolution or escalation, Policies and procedures and provide agents with the necessary manuals and supporting tools and procedures .A financial institution shall therefore set limits for purposes of combating money laundering and terrorist financing and shall notify the Central Bank of the limits set under sub regulation (2) or any revisions made on the limits . The regulations also provides for various guidelines of consumer protection thorough putting in place adequate policies and procedures to address financial consumer protection and ensure that all its agents conduct business in accordance with consumer protection requirements applicable to the financial institution . Additionally, the financial institution shall also ensure that every transaction is effected in real time, requires at least two-factor authentication and generates standard, easily identifiable copy system receipt or acknowledgement with the name of the financial institution, unique identification number of the agent who processed the transaction and a unique transaction reference number.

National Payment Systems (Agent) Regulation 2021

The purpose of this regulation is to provide for an approval of use of agents, grant of approval, appointment of agents, terms of agency agreement, responsibilities of licensee, agent non-exclusivity. An agent is defined to mean a person contracted by a licensee to provide payment services on behalf of the licensee in accordance with the Act and these regulation.

In regard to approval of use of agents, the regulations stipulates that a licensee who intends to use an agent shall apply to the central bank for approval and the application shall be accompanied by due diligence policy, a copy of the specifications and detailed description of the technology to be used, a risk assessment report, a copy of a manual with details on anti-money laundering and countering financing of terrorism, a copy of an operational manual and risk management framework to be followed by the agent among others .

Regarding appointment of agents, a licensee shall conduct due diligence on a person before appointing the person as an agent and that a licensee shall not appoint an agent unless the agent has operated an account with a licensed institution that takes deposits or an electronic money account for at least three months prior to the appointment, a national identification card in case of a citizen and passport for a foreigner, certified copies of incorporation documents in case of an incorporation entity, a recommendation letter from a local authority confirming that the agent is a resident in their area jurisdiction, secure premises to be used by the agent while performing the agency services .

An agent and the financial institutions shall be governed by an agency agreement which shall include the right responsibilities and liabilities of both parties, the scope of work to be performed by the agent, the activities the agent is prohibited from engaging in, the safe keeping of all records collected in relation to the agency services, that the agent is bound to complete confidentiality forms regarding the customers, a requirement to comply with the Data Protection and Privacy Act 2019, allows the Central bank may direct the licensee to terminate the agreement, providing for termination of the agreement amendment of the agreement and dispute resolution among others .

A licensee is required to put in place adequate and secure technological infrastructure for the operation of the agent services, define a contingency plan to mitigate disruption discontinuity or gaps in the functions of the gaps in the functions of the agent, prohibit an agent from charging fees to customers other than the fees prescribed by the licensee, conduct mandatory on board training and continuous training of agents, require that the agent for the services rendered, provide monthly reports to the central bank on its agent network, monitor the operations of agent to ensure compliance with the provisions of the Act .

An agent may provide agency service for two or more approved licensee provided that the agent has entered into agency agreement with each licensee for the provision of agency services and 30the capacity to manage the transactions for the different licensees and a licensee is prohibited from signing an exclusive agreement among others.

Financial Technology (FinTech), This is a flurry of new business models, products and services based on technological innovations is seen across the globe, commonly referred to as “FinTech”. Fintech brings with it an enormous potential for greater competition, consumer choice and convenience, interoperability, operational efficiency through cost savings, and improved risk management.

Emergence of Financial Technology Service Providers (Fintechs) Traditional Financial Services Providers (FSPs) clearly face challenges in extending financial services to the unbanked and under-banked population. FinTech companies have sought to target the gap in access to finance by utilizing innovative technology, while simultaneously entering some of the most profitable segments of the financial services value chain. While, by global standards, the FinTech market in Uganda is still small, over the past two years, the average annual growth rate of the FinTechs in Uganda has been approximately 35%.

A number of FinTech firms have emerging in Uganda such as Pegasus, Jumo, Akello banker, hamwe.org, Ensibuuko, DusuPay. These firms are offering new products and services underpinned by new technologies. There is much hope that these new approaches to delivering financial products and services offer the potential to bring about benefits to consumers in terms of increased access, speed, quality, price and choice.

Bank of Uganda’s Electronic Payment Initiatives Over the last 10 years, BOU has undertaken several initiatives to develop payment systems in Uganda. In 2002, the Electronic Clearing System (ECS) was

implemented to automate the process of clearing checks, and in 2003 the payment instruments in the clearinghouse were expanded to include electronic fund transfers (EFTs), such as credit transfers and direct debits. In 2005, the Real Time Gross Settlement System (RTGS), an interbank funds transfer system also known as the Uganda National Interbank Settlement System (UNISS), was implemented to create efficiencies and manage risks in payment processing.¹⁰⁸

Financial institutions have automated most of their payment processes to ensure straight-through processing (STP) by interfacing their back-office systems with BOU systems, such as the RTGS. BOU and government accounting systems have also been integrated to facilitate efficient and secure processing of government payments. Currently, all government payments are sent electronically and this has had a positive impact on the uptake of electronic payments. Digital financial services hold tremendous promise to deliver financial services to under banked and excluded population, in Uganda. A conducive legal and regulatory framework has been put in place such as the National Payments Systems (NPS) Act that came into force in July 2020 which give BOU the legal mandate to regulate mobile money services. BOU has already issued licenses to three mobile money operators that include: MTN Mobile Money Uganda Limited, Airtel Mobile Commerce Uganda Limited and Micro Pay Uganda Limited. This means that while the Uganda Communications Commission (UCC) will continue with its mandate of regulating the telecommunications services, companies seeking to issue digital money currently require licenses from the Central Bank to do so.

In partnership with stakeholders in the payment's ecosystem, BOU is also working on establishing a national switch that will support cashless payments and be interoperable with cards and mobile financial services. In conclusion, digital financial services have enormous potential to drive financial inclusion in Uganda. Already building the digital infrastructure for financial services is a national priority under the National Financial Inclusion strategy 2017-2022. Recent developments show that the BOU intends to grow the active users of products that digitally store and transfer value through mobile phones, cards or other means from 31% to 60% by 2022. Therefore, it is hoped that an efficient digital infrastructure will attract firms into this space. However, success will depend on how the current regulatory framework will support innovation, protect customers as well as strong commitment, support and coordination from other regulatory bodies. The rapidly evolving technology comes with risks, and requires that regulators and providers stay in constant communication to effectively assess the risks of each product or service.

Bank of Uganda Financial Consumer Protection Guidelines 2011

The guidelines apply to all financial institutions service providers regulated by bank of Uganda and their agents in respect of business of agent transactions in Uganda.

The guidelines seek to promote a fair and equitable financial services practice by setting minimum standards for financial services providers in dealing with consumers, increase transparency in order to inform and empower consumers of financial services, foster confidence in the financial services sector and provide efficient and effective mechanisms for handling consumer complaints relating to the provision of financial products and services.

By the guidelines the banking sector has recognized the importance of free, prior and informed consent where they require all financial services providers regulated by the Bank of Uganda in respect of business they transact in Uganda, to act fairly and reasonably in all its dealings with a consumer of their services, and not to engage in unfair, deceptive or aggressive practices such as threatening, intimidating, being violent towards, abusing, or humiliating a consumer. Additionally, the guidelines require financial services providers including agents to explain clearly in plain language the key features of the range of products and services that the consumer is interested in so as to enable the consumer to arrive at an informed decision about those products and services, including any charges and fees which would be incurred, prior to a consumer choosing a product or service.

The Bank of Uganda Consumer Protection Guidelines, 2011 have effectively ensured that Financial Institutions and their Agents serve customers in accordance with the set standards by the BOU, ensured

fair treatment of customers, they have also increased transparency by informing consumers of financial services and have fostered prompt handling of complaints by consumers about Financial Institutions and their agents.

Introduction (Institutional Framework)

In a bid to ensure the efficiency and development of agency banking in Uganda, several institutions have been created to act as a mechanism of giving life to the laws that are in principle aimed at increasing and deepening financial inclusion across Uganda through the tool of agency banking. The mandate of these institutions in the promotion and development of agency banking are discussed below. The major focus of the institutional framework is to regulate agency banking by facilitating the agency banking industry to promote social and economic development, Promoting legitimacy and building the confidence of members, customers and investors in the banking, enhancing the role and effectiveness of agent banks in complementing the current financial accessibility landscape in the transition towards digitalization of financial services, ensuring sustainability of agent banking services and encouraging use of financial services, especially by the rural and underserved segments.

Ministry of Finance, planning and economic development

The Finance Ministry is an establishment of the Government of Uganda. It is not literally provided for under the law but is simply a branch of government. Under both the Financial Institution Act and the Bank of Uganda Act, specific reference is made to the "Minister" to mean the Minister responsible for finance. But it should be noted that he does not work alone.

The Minister actually has a team of administrators, economists and other officials who form part of the ministry that has a hand in the management of commercial banks in Uganda. On the issue of licensing of commercial banks, this institution has appellate authority in the event that an applicant has been turned down by Bank of Uganda

The Financial Institutions Act provides that the Central Bank, in consultation with the minister, may make provisions providing for the licensing of financial institutions. In case of a financial institution permitted to conduct agent banking, the license shall indicate the word agents.

The central bank in consultation with the minister may make regulations providing for agent banking. This led to the enactment of the Financial Institutions (Agent banking) regulations 2017 which is currently regulating the operation of agency banking in Uganda.

Ministry of ICT & National Guidance

Ministry of Information and Communications Technology and National Guidance (ICT & NG) is a Government Ministry. It was established in June 2006 with a mandate of providing strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT sector. It also ensures sustainable, efficient and effective development, harnessing and utilization of ICT in all spheres of life to enable the country achieve its national development goals. Providing strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, law, regulation and strategy for the ICT sector. The ministry has helped in harmonizing the adoption and use of agent banking in Uganda as all agent's work through the means of technology.

The Ugandan banking industry had embraced new technology in order to fulfill the dreams of their customers and to create healthy competition. The new banking environment was about differentiating banking products, increased choices, security, accessibility and financial inclusion. The ability of financial institution to deliver products and services in the most efficient and effective manner, would therefore be the key to performance and relevance. The developments in information collection, storage, processing and transmission and distribution technology influenced all aspects of banking activities and was regarded as the main driving forces for the changes in banking industry including the commencement of agent banking

In regard to information Communication Technology (ICT), a banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer.

Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and more

Banking agents are usually equipped with a combination of point-of-sale (POS) card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, personal identification number (PIN) pads, and sometimes personal computers (PCs) that connect with the bank's server using a personal dial-up or other data connection. Clients that transact at the agent use a magstripe bank card or their mobile phone to access their bank account or e-wallet respectively. Identification of customers is normally done through a PIN, but could also involve biometrics. With regard to the transaction verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel.

Bank of Uganda

With respect to licensing of commercial banks in Uganda, the authority is vested in B.O.U, which is supposed to screen the applicants' application for a license thoroughly. This is to ensure that people of questionable character are prevented from entering the banking industry. The requirements to satisfy an application for a license in this respect are laid down in the Financial Institutions Act.

According to the Agent Banking regulations 2017, agents are approved by Bank of Uganda and a financial institution shall not conduct agent banking in Uganda without the prior written approval from the Central Bank.

Courts of Judicature Commercial Court Division

The commercial was established in 1996 as a division of the high court devoted to hearing and determining commercial disputes with current jurisdiction (as established under Legal Notice No.4 of 1996 and instruction circular No. 1 of 1996). Handle company causes, bankruptcies and intellectual property. The mission of the court is to deliver to the commercial community an efficient, expeditious and cost-effective mode of adjudicating disputes that affect directly and significantly the economic, commercial and financial life of Uganda. To make litigation faster cheaper fairer and more accessible to commercial community. To help attract foreign investment in Uganda through improving investor confidence in Uganda's legal system.

Uganda Institute of Banking and Financial Services.

This was formerly the Uganda Institute of Bankers established in 1990 as the training and certification body for the banking and financial services industry in Uganda. Institute has operated as a company limited by guarantee. The institute membership comprised of corporate or institutional members. Commercial banks and other supervised financial institutions and individual members. The institute's current strategic plan 2018-2022 is strengthening organizational effectiveness and visibility, enhancing stakeholder outreach engagement and collaboration, improving relevance in financial services industry, advancing ethics and professionalism in financial services sector.

A key milestone in agent banking in Uganda was the establishment of the Agent Banking Company, a subsidiary of the Uganda Bankers' Association, which in April 2018 launched an Agent Shared Platform to provide switching services for subscribing members. The shared platform is critical to addressing the challenges affecting the cost structure of banks and the delivery of diversified financial services to the masses. By end of 2020 most of the commercial banks had obtained approval from the BOU to conduct agent banking and are now in active operation and currently the total number of approved agents in the last 2 years is over 263,698 operating countrywide. Through agency banking most of the bank customers

can now access their bank accounts, deposit, withdraw cash, get account balances, open bank accounts without going to the bank physically. Many banks such as NCBA, Stanbic, Bank of Africa, Centenary Bank and KCB have also developed digital solutions that enable their customers apply for loans online etc. Digital Banking Solution.

Uganda Bankers' Association

Banks in Uganda through their umbrella body Uganda Bankers Association (UBA) have approached Agent Banking through a shared interoperable technology platform and agent125 network management framework to harness the benefits that accrue from collaboration/convergence. The approach is meant to enable all agents provide agent banking services to customers of all/any bank as the individual banking institutions continue to drive the recruitment of customers and marketing of their own products and services. Through this shared platform, banks will use Agent Banking Services to foster financial inclusion and deepen the financial infrastructure and financing lower levels of the economy helps families of any social and economic status to create wealth.

Financial Intelligence Authority

The preamble of the Anti-Money Laundering Act, 2013 as amended is to the effect that an Act to provide for the establishment of the financial intelligence authority and the financial intelligence authority board in order to combat money laundering activities, to impose on institutions and other persons, businesses and professions who might be used for money laundering purposes.

The Anti-money Laundering Act establishes the financial intelligence authority whose main objective is to enhance identification of the proceeds of crime and the combating of money laundering. The authority is mandated to report any information it receives to the appropriate law enforcement agency in Uganda if, on the basis of its analysis and assessment, it has reasonable grounds to suspect that the transaction would be relevant to the investigation or prosecution of a money laundering offence, a terrorist financing offence or a serious offence.

In *Sundus Exchange & Money Transfer & 5ors V Financial Intelligence Authority*, The facts constituting the suit were, that respondent received information indicating that one of the signatories to various accounts of some of the applicants as implicated in organizing and collaborating terrorists' activities in Kenya and Somalia. The same signatory to the bank accounts of the applicants was also a shareholder in some of the applicants associated and affiliated companies. The respondent diligently and cautiously analyzed all information that it received in order to satisfy itself that funds of the applicants were intended for terrorism activities before exercising its discretion to freeze the accounts. In resolving this issue, it is important to appreciate the provision under which the bank accounts were frozen. Section 17A of the Anti-Terrorism (Amendment) Act provides; The Financial Intelligence Authority may, cause the freezing or seizing of funds or property where it is satisfied that the funds are intended for terrorism activities. Where the Financial Intelligence Authority causes the freezing or seizing of funds under subsection (1), the Financial Intelligence Authority shall, immediately inform the Director of Public Prosecutions in any case not later than forty-eight hours after the time of freezing. The bank accounts were frozen on the basis of a one Farhan Hussein Haider who is being investigated by Anti-Terrorism Police Unit in Kenya for coordinating financial and logistical support to terrorist groups in Somalia and Kenya. None of the applicants has made any specific denial of the said person except that they contend he was removed from the directorship or shareholding of some of the applicants. It was held that; the respondent armed with such information was duty bound to take immediate action by freezing the bank accounts and anyone action would have resulted in removal or withdrawal of the said funds. The nature of the work and mandate of the respondent is to detect financial crimes including money laundering and financing of terrorism, requires swift and expeditious detection of crimes which may affect the public at large.

In *Uganda Health Marketing Group V Financial Intelligence Authority*, the respondent froze the applicant's account held at Standard Chartered Bank pending investigations for almost one year. Held; whereas the authority has power to freeze an account suspected of money laundering. The continued freezing violates

the bill of rights and impacts on the applicant's activities including parties who supplied them with goods and services and their staff who derive livelihood and have not received salaries since the accounts were frozen. The delayed investigation is unreasonable and infringes applicant's rights. The freezing order is hereby lifted.

Financial Institutions

Financial institution means a company licensed to carry on or conduct financial institutions business in Uganda and includes a commercial bank, merchant bank, mortgage bank, post office savings bank, credit institution, a building society, an acceptance house, a discount house, a finance house or any institution which by regulations is classified as a financial institution by the Central Bank.

While in the other hand, a financial institution business means the business of acceptance deposit substitutes, lending or extending credit, engaging in foreign exchange business, in particular buying and selling foreign currencies, including forward and option type contracts for the future sale of foreign currencies, issuing and administering means of payment including credit cards, traveler's cheques and banker's drafts. Financial Institutions plays an important role in the development and adoption of Agency Banking include; A financial institution initiates the foundation of Agency Banking by applying to the Central for approval of conducting agency banking. In this Application the financial institution affirms and acknowledges the strategy for agent banking including the number of agents per district for the next twelve months and management of the agent network including agent training, agent supervision and liquidity management, provide for the proposed technology platform to run the agent banking, which must be capable of processing instructions issued electronically in real time, carry out due diligence in the agent selection.

A financial institution also put in place an effective agent selection process and carry out due diligence on every person it intends to engage as an agent. This shall be done through conducting a suitability assessment on the person who intends to be an agent as explained in Regulation 5 and 6 of the Financial Institutions (Agency Banking) Regulations 2017 that provide for persons eligible for conducting agent banking and prerequisites for conducting agent banking in Uganda.

A financial Institution is also bestowed with statutory obligations like assigning each agent or agent outlet a unique identification number, assign each agent or agent outlet to a specific parent branch. These must be displayed on a list of agents at the agents' respective parent branch. Additionally, financial Institution also ensures that the technological infrastructure supporting agent banking runs effectively and should be capable of processing all transactions in real time.

Commercial Banks are however, required to identify, sign off, train agents and also supply them with service devices & equipment among others. The shared Agent banking platform provided by Agent Banking Company Ltd, a subsidiary of Uganda Bankers' Association, enables agents of a member bank connected on the platform to serve customers of other member banks as well as non-bank customers who wish to access bank services. Customers, through the system, are able to open accounts, apply for payment instruments, make deposits and withdrawal as well as pay bills. Other services include money transfers, loan services and balance enquiry as well as receiving account statements and account information, among others

A financial institution ensures that agents have appropriate equipment to carry out agent banking, including the ability to generate hard copies of transaction receipts. Additionally, it is also responsible in ensuring that agents receive appropriate training and are provided with the necessary manuals and supporting tools and procedures. It also ensures appropriate management and supervision of all agents, set limits and monitor compliance within such limits. Additionally, financial institution is also responsible for determining which activities a particular agent shall provide which is based on risk assessment and due diligence on the agent.

A financial institution shall train its agents on anti-money laundering and combating of financing of terrorism requirements as provided for in the Anti-Money Laundering Act, 2013 and Anti-terrorism Act, 2002 by setting limits for purposes of combating money laundering and terrorist financing. A financial

institution granted approval to conduct agent banking is also responsible for safe guarding consumer protection by putting in place adequate policies and procedures to address financial consumer protection and ensure that all its agents conduct business in accordance with consumer protection requirements applicable to the financial institution .

Financial institutions act as watch dogs in ensuring that all agents provide services in accordance with consumer protection requirements determined by the Central Bank, comply with the ensure that all its agents conduct business in accordance with the Financial Institution Regulations and any other relevant regulatory provisions .A financial institution also is mandated to give an update to the Central Bank periodically on its agent network and shall provide monthly reports to the Central Bank on its agent banking operations through notifying the Central Bank at the end of every month of new agents, new outlets of agents proving agent banking, exited agents and outlets and any changes made to particulars of each agent

Worth noting that a financial institution carries on all the liability for the actions or omissions of its agent relating to agent banking and thus has to take reasonable care and caution when entering into a written agreement with an agent and on termination of such agreement, cause a notice of the termination to be published within the locality of the premises where the agent was operating or in any other way or manner as to inform the general public of the cessation of the agency agreement .

However, each commercial bank has its distinct requirements for one to enroll and operate as an agent. Specifically, DTB Agent requires an applicant to provide the documents listed below to the bank's representative to facilitate the assessment for DTB agent banking enrollment.

A company Profile with details of Proprietor/Directors, Certificate of Incorporation (in the case of Company) and Memorandum & Articles of Association or Business name certificate(sole proprietor) /partnership deed (for partnership) and Statement of Particular, Particulars of Directors, Copy of the FCS card , Trading License for existing Business for the past one year, TIN Number and Tax clearance Certificate, passport size photos of each of the directors and Valid IDs (National ID or Passport or Driving License),Two photos of each outlet – inside/outside, with specific marking for customer service area , Two reference letters from people or entities of good social standing (e.g. LC1, LC2 or business references) or Reputable entity introduction. , Copy of Bank statements for last 12 months with other Banks b) Account Numbers with DTB, Interpol Certificate of good conduct, A board resolution (for registered firms) to take to take on Agency banking and open a bank account with DTB, Letter of acceptance (from non-registered firms like Supermarkets etc.) to take to take on Agency banking and open a bank account with DTB, Signed Agent Agreement, Service and location of Outlets/GPS mapping Attached , Secure premises, Open a settlement account with DTB with a minimum deposit of 4million towards Float (3 million) and 1 million towards POS machine acquiring ,Complete the attached Agent Banking System User Creation Request Form for each of the location and Complete the attached Agent application form for each of the locations and should be signed and stamped by the owners of the business or by the controlling person.

In regard to Stanbic bank U Ltd , it set out the agent banking terms and conditions that shall constitute a binding agreement between the appointed Agent (“the Agent”) and the Bank and shall be governed by and construed in accordance with the laws of Uganda and the parties hereto hereby submit to the exclusive jurisdiction of the agreement. The Agent confirms that by signing the Agent Banking Appointment letter, the Agent has read, understood, and agrees to be bound by all these Terms and Conditions as amended from time to time. The Bank appoints the Agent for the duration of the contract as the non-exclusive Agent of the Bank to carry out the Agent Banking Business within the Territory. The Agent shall solicit and obtain orders for the Services on the Bank's behalf.

National Identification and Registration Authority (NIRA)

NIRA is a body corporate established by the Registration of Persons Act with perpetual succession and an official seal and may, for the discharge of its functions acquire, hold and dispose of moveable and immovable property, sue and be sued in its corporate name and do all acts and things as a body corporate may lawfully do. The Mandate of NIRA is to create, manage, maintain and operate the National

Identification Register, to register citizens of Uganda, to register non-citizens of Uganda who are lawfully resident in Uganda, to assign a unique national identification number to every person registered in the register, to issue national identification cards and aliens identification cards, to collate information obtained under this Act and reproduce it as may be required, from time to time, to ensure the preservation, protection and Stanbic Bank Agency security of any information or data collected, obtained, maintained or stored in the register and to promote the use of national identification cards to advance the economic, political and social activities in the country .

In the performance of its functions, the Authority shall observe generally accepted information security practices and procedures, and specific industry or professional rules and regulations. Additionally, the Authority shall cooperate with other government ministries, departments and agencies in the implementation of this Act. In carrying out the functions, the Authority may establish a mechanism for collaboration and promotion of partnerships between various categories of players in the registration and identification of persons sector. This has influenced the collaboration of NIRA with various banks in a bid of providing all necessary information of different clients to the banks and their agents through the National identification cards that clients must provide. This reduced the problem of Fraud and impersonation as agents are carrying out their agency banking business. Additionally, the Authority shall have power to charge fees for services provided by the Authority. The fees charged are paid through the various banks by the clients after carrying out URA assessment thus leading to the development and operation of agency banking in the country.

Conclusion

As indicated by the above comprehensive analysis of the legal and institutional frame work of agency banking law in Uganda, it is self-evident that the government, legislators, different ministries, bodies, Bank of Uganda and financial institutions play a great role to ensure the adoption and development of agency banking law in Uganda. However, most of the laws enacted and Institutions available do not expressly refer to agency banking which to a certain extent damage its operation in the country and thus, there is need to expressly include it for the betterment of developing the banking business sector. Thus, these laws do offer some protection however, they are not comprehensive in terms of regulating agency banking across the board.

Chapter Three

Analysis of the Implication of Agency Banking Law with Other Laws

Introduction

Strong and stable financial institution sector is essential for both financial institutions and the country at large to flourish. The legal regulation of agency banking stands fundamentally at odds with the needs of the society. The provisions below explain policies, describes the implication of other laws on agency banking law and how they play an important role in the development of agency banking in the society.

Bank of Uganda Financial Consumer Protection Guidelines, 2011

The guidelines apply to all financial institutions service providers regulated by bank of Uganda and their agents in respect of business of agent transactions in Uganda. In the case of Aida Atiku V Centenary Rural Development Bank Ltd, Justice Stephen Mubiru stated that it is the duty of the Bank of Uganda to monitor these Financial Consumer Protection Guidelines to ensure that all financial services providers are meeting their obligations, and achieving service standards.

The guidelines seek to promote a fair and equitable financial services practice by setting minimum standards for financial services providers in dealing with consumers, increase transparency in order to inform and empower consumers of financial services, foster confidence in the financial services sector and provide efficient and effective mechanisms for handling consumer complaints relating to the provision of financial

products and services. However, it should be noted that the Act was enacted before the commencement of agency banking in Uganda and it does not expressly define or provide for agency banking.

By the guidelines the banking sector has recognized the importance of free, prior and informed consent where they require all financial services providers regulated by the Bank of Uganda in respect of business they transact in Uganda, to act fairly and reasonably in all its dealings with a consumer of their services, and not to engage in unfair, deceptive or aggressive practices such as threatening, intimidating, being violent towards, abusing, or humiliating a consumer. Additionally the guidelines requires financial services providers to explain clearly in plain language the key features of the range of products and services that the consumer is interested in so as to enable the consumer to arrive at an informed decision about those products and services, including any charges and fees which would be incurred, prior to a consumer choosing a product or service.

In *Aida Atiku V Centenary Rural Development Bank Ltd*, Justice Stephen Mubiru stated that Banks should inform the customer of the applicable terms and conditions relating to the use of digital banking services, including any fees and charges, and the current transaction limits that apply to digital banking services, which limits may change from time to time and are available upon request. The customers should be informed of the procedures they must follow to report unauthorized access to their confidential personal information, accounts or disputed transactions using digital banking services and be provided with effective and convenient means to notify the bank of security incidents and easily accessible contact points to report such activity as soon as they become aware of it.

Guideline 7(3) provides that a financial services provider shall not disclose any information about a consumer to a third party except where the financial services provider is compelled by law to disclose the information or the disclosure is made with the express consent of the consumer. The duty not to disclose any information about the consumer includes information relating to the consumer's account and any information about the relationship between the financial services provider and the consumer. This calls for the agent's attention to uphold the duty of confidentiality by the agents.

A financial services provider shall assess the training needs of its staff when they take up a new role and at appropriate intervals after that (including if their role changes), ensure that its staff receive sufficient training, satisfy itself, on reasonable grounds, that its staff are competent to carry out their roles, review at appropriate intervals the competence of its staff and take steps to ensure that they remain competent for their role and arrange for its staff to be appropriately supervised. This calls for the training of the various agents by the commercial banks in order to ensure that they are fit to conduct financial services on their behalf.

Confidentiality

The general rule is that the banks owe a duty of Confidentiality to the customer, that is, a duty not to disclose any information concerning the affairs of the customer without his consent. No person shall be subjected to any interference with the privacy of that person's home, correspondence, communication or other property. This calls for the agents' upholding of the duty of confidentiality while carrying out their agent banking business.

It is an implied term of the contract that the banker enters into a qualified obligation not to disclose information concerning the customers' affairs without his or her consent. This is a legal duty arising out of the contract between the banker and a customer.

The principle was also upheld under regulation which provides that both the financial institution and its agent shall uphold privacy and confidentiality of customer information and data.

Ross Cranston stresses the duty of confidentiality that the duty is not difficult conceptually, although I will argue that the common law has got it muddled. That confidentiality has always gotten into the way of commercially acceptable practices. Here we realize that by operating agency banking there is high likelihood

of breach of the cardinal banking principle of confidentiality despite AB being the modern-day effective way of banking and financial inclusion as a whole.

An agent is bound to complete confidentiality forms regarding the customers, a requirement to comply with the Data Protection and Privacy Act 2019, allows the Central bank may direct the licensee to terminate the agreement, providing for termination of the agreement amendment of the agreement and dispute resolution among others.

A financial services provider shall not disclose any information about a consumer to a third party except where the financial services provider is compelled by law to disclose the information or the disclosure is made with the express consent of the consumer. The duty not to disclose any information about the consumer includes information relating to the consumer's account and any information about the relationship between the financial services provider and the consumer.

The law on confidentiality was clearly stated in *Tournier v. National Provincial and Union Bank of England*. The plaintiff whose account with the defendant bank was heavily overdrawn, failed to meet the repayment demands made by the branch manager. On one occasion the branch manager noticed that a cheque drawn to the plaintiff's orders by another custodian was collected for the account of a book maker. The branch manager thereupon rang the plaintiff's employers, ostensibly to ascertain the plaintiff's private address, but in the course of the conversation, he disclosed that the plaintiff's account was overdrawn and that he had dealings with book makers. As a result of this conversation, the plaintiff's contract was not renewed by the employers upon its expiration.

The Court of Appeal held that the bank was guilty of a breach of a duty of secrecy and awarded damages against it. Atkin LJ pointed out that the information which the bank was supposed to treat as confidential, was not restricted to the facts it learnt from the state Page 50 of the customer's account. The bank's duty remained intact even after the account had been closed or ceased to be active. The banker's duty of secrecy has received statutory recognition.

Banks L.J. further stated that it may be asserted with confidence that the duty of non-disclosure is a legal one arising out of contract and that the duty is not absolute, but qualified. It is not possible to frame any exhaustive definition of the duty.

Every bank shall furnish to the Central Bank in a manner prescribed by statutory instrument all information that may be required by the bank for proper discharge of its functions. The Bank may publish in whole or in part information furnished to it as the Board may determine. But the bank shall not publish or disclose any information regarding the affairs of the bank or a customer of a bank unless the consent of the bank or the customer has been obtained. This obligation prohibits banks from disclosing to third parties. It does not stop a banker from using such information for its benefit.

In *G.A. Schmitt'sches Weight v. Leslie*, in dismissing the argument by counsel for the plaintiffs that the bank was not entitled to use for its own benefit the information it received as an agent of the plaintiff's bank for handling shipping documents, the court held that a banker may look at the information it possesses to verify what it is told by the customer as to the customer's financial capacity on his or her application for overdraft facilities, especially when the customer already has this information in his or her possession, but the bank cannot disclose this information to the third parties.

However, there are situations where a duty of strict confidentiality would clearly be inappropriate. Some of the exceptions were actually enumerated by Banks in *Tournier's* case to include;

Where disclosure is under the Compulsion of the law.

In *Bucknell v Bucknell* it was decided that a bank may be compelled by law to disclose the state of its customer account in legal proceedings. On application of any party to a legal proceeding a court may order

that such a party be at liberty to inspect and take copies of any entries in a banker's book for any of the purposes of such proceedings.

In *Bankers Trust Co. V Shapira*, two rogues obtained substantial amount of money by presenting to the plaintiff bank in New York cheques purportedly drawn on it by a bank in Saudi Arabia. The Court held that an order would be granted in interlocutory proceedings, where the plaintiff sought to trace funds of which evidence showed that they had been fraudulently deprived.

In order to enforce provisions of the Act, the Commissioner or any other office authorized in writing by the commissioner and shall have at all times and without any prior notice full and free access to any premises, place, books, record or computer, make any extract or copy from any record or computer stored information to which access is obtained or may seize any book or record that in the opinion of the communication or authorized officer afford evidence which may be material in determining the liability of any person tax, interest, penal tax or penalty under the Act. This section obliges the banker to disclose any information in its possession including the dealings or affairs of its customer.

The Inspector of Government (IGG) is authorized by order under the hand of the Inspector General or Deputy Inspector General to authorize any person under its control to inspect any bank account or any safe or deposit in a bank. An order made under the section is sufficient authority for the disclosure or production of any person of any information, account, document or articles required by the person so authorized. These wide powers were thought appropriate infighting corruption.

Notwithstanding anything in any law contained the DPP or IGG by written notice in the course of investigation or proceedings into or relating to the offence by any person employed by any public body under the Act require the manager of a bank to give copies of the accounts of that person or of the spouse or son or daughter of that person at the bank. These provisions compel the bank in very clear terms to disclose the affairs of its customer.

It shall be the duty of all officers and agents of the company and agents of any other body corporate whose affairs are being investigated to produce to the inspector all books and documents . Section 176(7) defines agent in relation to the company or other body corporate to include bankers. But the Act makes it clear that the company's bankers are not required to disclose any information as to the affairs of their customer other than the company.

The Financial Institutions Act, 2004 itself contain provisions which require the bank to disclose the customer's affairs. These include disclosing to the Credit Reference Bureau, non-performing loans which the customer has failed to pay and information of customers involved in financial malpractice including bouncing cheques due to lack of funds and frauds under 178 revealing to the Central Bank accounts which contain funds from the proceeds of a crime, advertising in the print media unclaimed balances which have been on the register of dormant accounts for more than three years and informing the national law enforcement agencies of any suspected money laundries activity related to any account . However, to plead compulsion by law, the disclosure must derive its authority from the statute or court order. Casual inquiries by police officers because they suspect that a crime has been committed is not covered.

A court order for disclosure can be in the form of garnishee proceedings under. In such proceedings money held by a banker to the credit of a customer judgment debtor may be attached to satisfy the judgment debt. The bank is called upon to show cause why its customer's money should not be attached. In these proceedings banks have to disclose their customer's affairs. Just because the amount of debt cannot be ascertained that alone does not defeat the claim of a garnish to attachment.

Where there is a duty to the public to Disclose. This duty was described in the *Tournier* case as where a higher duty than the private duty is involved for example where danger to the state or public duty may supersede the duty of the agent to his principal. An example is in case where in times of war the customer's dealings indicate trading with the enemy.

In *Libyan Arab Foreign Bank v. Bankers Trust Co* where the defendant bank invoked the exception in relation to the disclosure made by it to, and at the request of, the federal reserve bank of New York of the payment instruction which the defendant had received from the plaintiff. The court was of the view that the exception was applicable.

Where the Interest of the Bank require Disclosure. A typical case is where a customer brings a suit against the bank. In such case, the bank will be allowed to reveal the customers affairs in court proceedings as part of its defense. In *Sunderland v. Barclays Bank Ltd* a bank dishonored cheques drawn on it by a married woman, principally because the account had insufficient credit balance, but the cheques were drawn in respect of gambling debts. When her husband interceded at her request, he was told by the branch manager that most of the cheques were drawn in favor of bookmakers. She sued for breach of duty of secrecy. It was held that the disclosure was in the interest of the bank.

Where the Disclosure is made by Consent of the Customer. The consent may be express or implied and may be general in the sense that the bank is permitted to disclose the general state of the customer's account or special in that the bank is entitled to supply only such information as is sanctioned by the customer. Answering inquiries from another bank acting on behalf of the customer is within the scope of banking business and the practice may be regarded as implicitly authorized by most customers of the banks. In *Parsons v. Barclays & Co. Ltd*, It was held that answering inquiries is very wholesome and useful habit by which one banker arrives in confidence, and answers honestly, to another banker, the answer being given at the request and with this knowledge of the first banker's customer. Other relations undertaken by bankers.

Money Laundering

Money laundering is the process of turning illegitimately obtained property into seemingly legitimate property. This includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime. Therefore, Anti Money Laundering (AML) refers to a set of procedures, laws and regulations designed to stop the practice of generating income through illegal actions. In Uganda, the AML measures are enshrined in the various Ugandan laws such as the AMLA 2013, the Anti Money Laundering (Amendment) Act 2017, Anti- Terrorism Act, 2002, and the Anti-Terrorism (Amendment) Act, 2017 and the various implementing regulations.

The fight against Money Laundering also encompasses Terrorism Financing hence the term Combating Financing of Terrorism (CFT). Locally, organizations like Bank of Uganda, Financial Intelligence Authority, Ministry of Justice and Constitutional Affairs, Inspector General of Government (IGG), the Ugandan Police, and Uganda Revenue Authority spearhead the fight against money laundering. Globally, AML and CFT are championed by the Financial Action Task Force (FATF) which sets the global AML/CFT standards, the Basel Committee on Banking Supervision (BCBS) which coordinates supervision in various jurisdictions in liaison with central banks, the Egmont Group which coordinates the Financial Intelligence Units/ Authorities and the development organizations like World Bank and International Money Fund (IMF). To fight money laundering, one needs to understand the stages, schemes and evolution on money laundering. Money Laundering occurs in three stages that is placement, layering and integration.

A financial institution shall train its agents on anti-money laundering and combating of financing of terrorism requirements as provided for in the Anti-Money Laundering Act, 2013 and Anti-Terrorism Act, 2002 and limits for purposes of combating money laundering and terrorist financing.

The Anti-Money Laundering Act was enacted to manage money laundering through Prevention of Fraud and Corruption, Safeguarding the financial system from money laundering activities, Safeguarding the financial system from being used to Finance terrorism and align with regional and international Protocols (East Africa Community and UN). The preamble of the anti-money laundering act, 2013 is to the effect that an Act to provide for the establishment of the financial intelligence authority and the financial intelligence authority board in order to combat money laundering activities, to impose on institutions and other persons, businesses and professions who might be used for money laundering purposes.

A bank is defined to mean a bank incorporated in a jurisdiction in which it has no physical presence and which is not subject to effective consolidated supervision and a supervisory authority means a body that regulates or supervises any of the persons and businesses listed in paragraph 14 of 2nd Schedule and who for the purposes of this Act shall supervise those persons and businesses in matters relating to antimoney laundering and countering and financing of terrorism.

Person shall not disclose any information that will identify any person who handled a transaction in respect of which a suspicious transaction report has been made. This calls for the duty of confidentiality by the agents while carrying out the agency banking business. Additionally, the accountable person shall maintain accounts for clients or customers in the true names of the account holder and shall not open or keep anonymous accounts.

Registration of Persons

Due to the need to remove duplication from the law on registration of person, provide for access and use of information contained in the national identification register and also establish a central registration of all persons, the Registration of Persons Act 2015 was enacted to harmonize and consolidate the law on registration of persons.

This does not only help financial institutions in identifying persons to be used as agents but also helps agents in identification of customers and provision of all necessary information while carrying out the agent banking business. Information is defined to mean data about a person that is recorded in any form including data which related to the nationality, age or marital status.

The authority shall cooperate with the government ministries, departments and agencies in the implementation of the Act. This includes cooperation of the authority in charge of registration with various financial institutions including agent bankers.

A minister, department or agency of government may access and use the information contained in the registrar. Additionally, the information in the register shall be used for monitoring money laundering, facilitating the provision of information to a person entitled to receive the information or any other purpose as may be determined by the minister. Since agency banking is faced with the problem of money laundering, the agents are in position to use the information available in the register to monitor money laundering.

A ministry, department or agency of government or any other institution providing a public service shall require a person accessing the service to produce a national identification number of cards. This has prompted agents carrying out the business of agency banking to always ask for national identification cards from clients to avoid impersonation and fraud.

Conclusion

A wholesome analysis of agency banking in Uganda reveals that there are specific laws that expressly regulate agency banking. However, there are certain other laws that should not be left behind but look at with a kin eye in the operation of agency banking in Uganda so that they can give effect to the laws that expressly provide for agency banking.

Chapter Four

Challenges Facing the Development and Operation of Agency Banking in Uganda

Introduction

In any global economy trying to deepen its financial inclusion it faces some challenges and these challenges are also inevitable in any given model of operation of which agent banking is inclusive. Particularly in Asia

and Brazil it has been stated that agency banking has been plagued with challenges that has underscore the deepening of financial inclusion.

According to Mwangi and Mwangi its reported that the level of liquidity that bank agents maintain influences the use of agency banks in a sense that in most cases agents do not always maintain enough cash demanded by customers and this discourages repeat business. They also highlight that of security, malfunctioning equipment and errors also discourage the uptake of agent banking.

According to Atandi its indicated that network problems also deter the use of agent banks by customers as they sometimes suffer from connectivity.

In Uganda, most of the challenges faced by mobile money agent today without a doubt plague bank agent since both models operate similar systems. These challenges include but not limited to fraud, personal security of agents arising from robberies that endanger their lives, lack of support from network operators, Risk of customer data leakage, system failures, fraud, agents' liquidity issues, theft and poor connectivity. In addition, there might be risks associated with customer data leakage. These challenges we further summarized as operational; technological; legal and reputational risks.

Legal Challenges

Legal Challenges Can Arise in Circumstances of Liability

Legal challenges may occur when customers sue a bank as a result of actions of the agent. For example, the agent may become negligent by not checking the bank notes they receive for deposits and in the process accept fake notes. This may result in losses for the financial institution if the agency contract is silent on who should bear the losses. It is for this reason that most agency contracts try to induce optimal behavior from agents by rendering them liable for all losses due to negligence on their part

Agency Banking Enforcement Laws

It should clearly be noted that Agency banking in Uganda has been regulated by a number of laws mainly the Financial Institutions Act and the Financial (Agent Banking) Regulations and other laws. However, most of the laws do not expressly provide for agency banking while others were enacted before the commencement of agency banking law in Uganda. For instance, Section.1 provides that the Act shall be applicable to only resident persons of Uganda or persons who stay in Uganda for a certain period of time. This limits visitors of Uganda from different countries in regard to identification of their identity by the agents and thus hindering or affecting the work of agents. Additionally, the Bank of Uganda Financial Consumer Protection Guidelines do not expressly provide for AB.

Technical Challenges

These arise where there is system or hardware failures which can cause a lack of service availability, informational loss, lack of support from network operators, risk of customer data leakage.

Risk of Customer Data Leakage

In most of the cases, the information and data of customers are at risk of leakages, this may be because of the weak and stolen credentials. Stolen passwords are one of the simplest and most common causes of data breaches and leakages. Far too many people rely on predictable phrases like '123456', which means cyber criminals don't even need to break into a sweat to gain access to sensitive information. Even moderately secure passwords can be cracked with the help of a computer programs that run through millions of the most popular credentials, so you need to think hard to create something original whenever you choose your password. Additionally, many of your agents will have access to sensitive information, and there's always a chance that someone will try to misuse it. That sounds cynical, but unfortunately the lure of financial gain from selling data on the dark web is too great for many.

Challenge of Building and Maintenance of the Network

An effective bank agent is required to be strategically and conveniently located and properly incentivized to follow procedures, keep sufficient float on hand, and serve customers. Banks typically select established retail outlets, while mobile networks are more inclined to use smaller shops or kiosks. Some providers choose to outsource agent recruiting and training. Either way, the size and growth of the network has to be carefully planned to ensure there are enough agents to serve the customers and that there are enough customers to keep the agents interested in providing the service.

Mobile phone network failures posted a major challenge to agency banking in the region. From the findings 50% of clients are affected by this problem (100%) of agents asked admitted that it was a major problem. Liquidity related problems was also seen as a major problem affecting agency banking with each agent losing at least 4 clients per week due to the problem. Lack of startup capital has also locked up many potential agents from being recruited.

Lack of Service Availability/ System Failures

Equity banks agents across East Africa use the bank servers to serve customers. The challenge comes in when the bank servers are down even agents cannot serve customers. The bank should build agents their own systems and serves so that when there is an issue with the systems the agents can continue serving customers.

Information Loss

Information or data loss is a major inconvenience and a serious problem that disrupts the day today function of any information-based business including agency banking business, losing files means losing time and money to restore or recover information that is essential to the business. Its loss occurs when data is accidentally deleted or something causes data to become corrupted. Viruses, physical damage or formatting errors can render data unreadable by both humans and software. Losing files and documents often has a lasting impact on agency banking. Some lost data is recoverable, but this process often requires the assistance of information technology professionals and costs time and resources that could be using elsewhere. In other instances, lost files and information cannot be recovered, making data loss prevention even more essential. This causes customers to lose their trust, confidence and respect in the agency banking business leading to low adoption rates.

Operational Challenges

Operational challenges include the loss of customer's assets and records, data entry errors, poor cash management by the agent resulting in the agent not being able to meet customer withdrawals, and failure by the agent to resolve or forward customers complaints to the bank. These challenges also emanate from the lack of capacity, poor training and the lack of necessary tools and systems.

Breach of the Duty of Confidentiality

Some agents disclose customer information to third parties without their knowledge that the bank owes its customers the duty of confidentiality and a breach of this duty can lead to customer taking legal actions against the bank. Most of these agencies are in areas that are what would be considered high Risk.

Ross Cranston stresses the duty of confidentiality that the duty is not difficult conceptually, although I will argue that the common law has got it muddled. That confidentiality has always gotten into the way of commercially acceptable practices. Here we realize that by operating agency banking there is high likelihood of breach of the cardinal banking principle of confidentiality despite AB being the modern-day effective way of banking and financial inclusion as a whole. Additionally, breach of confidentiality which may dent the perceived credibility/trust and willingness by clients to transact using agency banking. This may seriously discourage different bank customers from using this service.

Theft

Potential problem of theft or insecurity while handling the cash may also be a challenge since most of the agents are left with the full responsibility of ensuring security in their premises. The regulator also emphasizes that temporary structures commonly used by mobile money kiosks are not eligible to be bank agents so there will be costs to be incurred by agents to hire the relevant security and also have adequate security at the business premises at all time

Liquidity Challenges

Many people find that agents lack capacity to handle large transactions of cash and under-spend on security measures, thus, negating potential clients' confidence in them. An agent must maintain adequate cash and e money float balances to meet customer cash in/cash out requests. If too much cash is taken in, the agent may run out of e float and not be able to accept more deposits. If there are too many withdrawals, the agent will accumulate float but run out of cash. In either case, customers may get discouraged if the agent cannot provide the services they need when they need them. Liquidity management is a significant concern in the agent banking money model. When customers are unable to make transactions due to agents' lack of liquidity, the service is less useful and this can lead to a deterioration of trust and reliability in the entire system.

Lack of Proper Management of Agent Banking Channel

Agents will not provide quality service to customers without ongoing, onsite supervision and in store training to ensure the agents are liquid, consistently branded, and following the prescribed business processes. Providers need to decide how to divide the varied management functions and whether to keep those functions in house or outsource to an independent service provider. As the networks grow, it will be increasingly difficult for the provider to cover the "last mile" of the distribution chain, so most shall use third parties for part or all of the channel management functions.

Low Rates of Adoption by Customers

Despite the opportunities brought about by agency banking for both the customers and commercial banks, only a few have adopted this innovation due to problems such as inability to transact huge transactions, transaction limits and insecurity. Many people still prefer to queue in commercial banks banking halls despite the fact that many outlets of agency banking being opened in the country. This affects the performance of agency banking in the banking sector.

Lack of Training of Agents

Customer service is a huge challenge to the bank as they need to train and retain the agents so as to maintain high levels of customer services. However, agents expect banks to train them on simple banking operations such as cashiering, bank products knowledge, business ethics (including customer confidentiality issues), as well as controlling and managing fraud so that they can effectively perform better in the banking business. Additionally, most of the agents are not properly trained on know your customer (KYC) they do not know how to distinguish a fake identification document and a real one. Accounts opened at agent locations are also prone to money laundering transactions this is because of a few irregularities that happen during account opening.

The Use of a Non-Bank Employee

The use of a non-bank employee to effect transactions on behalf of the bank poses operational risks such as agent fraud and theft, further the agent may also charge customers unauthorized fees or offer abusive services to customer such as requiring customers to purchase certain goods and services to obtain other services.

Money Laundering

As emerging agency banking business open up their economies and financial sectors, they become increasingly appropriate targets for money laundering activities. Money laundering creates unpredictable changes in money demand. Sudden changes may occur in the assets and liabilities of agents that are unknowingly used in money laundering, which will create a risk for the institutions. The news of money laundering of the agency banking business draws the attention of the public authority. In that case, the pressure on auditing for these institutions will increase, and the institution's reputation will be damaged.

Fraud

The agency staff will be a target by fraudsters as they are aware that they will not be able to easily identify fraudulent transactions for example identification of documents for originality or if they are fake. Particularly Stanbic Bank Uganda is said to have encountered fraudulent activity by a few of its banking agents aimed at defrauding the bank through a process-flow error that affected some third-party agent banking transactions. The bank has since mounted efforts with security agencies to recover funds from an undisclosed number of implicated agents from the error in the banking model adopted by the organization. Fraudsters are quickly building their game plan and strategies to engage the agents. In Aida Atiku V Centenary Rural Development Bank Ltd, Justice Stephen Mubiru stated that while digital banking has always symbolized convenience, it is not without risks of fraud. As digital channels have multiplied, so have the routes that fraudsters can use. With increased automation financial institutions have become some of the most targeted by fraudsters, due to their immediate access to funds and their ability to transfer them. Additionally, agents are primarily store owners, mom and pop stores, convenience outlets and some other organized retail outlets. However, some unemployed youths and semi-skilled workers are signing up to become agents without the requisite cash management skills.

Lack of Commitment by Agents to Deliver Quality Service

The operator must recognize that the cash-in/cash-out points are the face of the brand product and customers need to have a good experience at these points in order to earn their trust and continued use of the service. Banks therefore have to ensure that agents undergo basic banking training on how to handle their client and remain professional so as to retain their customers. Regulators want to ensure that agents, as extensions of the banking system, are able to provide professional customer service, keep records, handle cash, and manage liquidity. Regulations often impose some form of “fit and proper” requirements, mandating a form of agent due diligence that requires financial institutions to verify that would-be agents have good reputations, no criminal records, and no history of financial troubles.

Delays in The Agency Banking Business

When an agent opens accounts and facilitates transactions, it not only offers greater incentive for the agent to provide the service to customers, but it also encourages customers to use the service as well. If customers cannot transact immediately upon opening an account, they lose the “instant gratification” of being able to use the account. This situation is already happening in Uganda and has already happened elsewhere for example in Kenya, which has a registration process that takes up to a week. As a result, the customer may be unhappy with those unnecessary delays.

Conclusion

From the findings, the researcher concludes that Uganda as a country needs agency banking but has various challenges which are legal, technical and operational most pronouncedly lack of mobile network services and liquidity (float) related problems. There is delay in the agency banking business hence quick agency services are needed by clients in the country. There is lack of commitment by agents to deliver better quality services. Members have not engaged in agency banking as some still want to reach out the banks directly, Issues of insecurity are also at play, as clients and agents fear that they might be robbed while transacting.

It is clear therefore that agency banking in Uganda is growing but poor because of the aforementioned challenges.

Chapter Five

Study Findings, Recommendations and General Conclusions

Study Findings

The study found out that agency banking is continuously improving and growing and as it grows, the level of financial inclusion is also growing in the country. The study identified the functions of the agency department majorly play roles of reconciliation of agent's accounts, pay agents "commissions, branding agents' premises, check the systems robustness, opening agents accounts, among other functions. The findings of the study revealed that the main factors influencing the adoption of agent banking among commercial banks in Uganda are, cost reduction, enhancement of customer service, expanded presence by banks particularly in remote areas.

Agency banking as a branchless banking model has enabled banks to reach the unbanked population, it is therefore critical that banks should allow agents to be more financially inclusive than just offering the cash transfer services, agents should be able to convert cheques into cash, deal with foreign currency exchange among other services. The selection criteria of agents should be restructured so as to favor heavy cash operations in order to meet the demand of cash availability as well as handling large cash transaction.

The study also discovered that agency banking has faced a number of problems which are categorized into legal, operational and technical challenges

Recommendations

Despite the aforementioned acknowledged benefits, developments in technology and new market dynamics pose challenges in financial stability, consumer protection and integrity of the financial institutions. Having come to the number of challenges that limit the growth and operation of agency banking law in Uganda, we have come to a number of recommendations to be implemented either by the government, Bank of Uganda as a supervisory authority or commercial banks for the good of financial inclusion through the major tool of agency banking as analyzed below;

Enforcement of Laws and Regulations Governing Agency Banking

In order to protect the consumers, the laws and regulations should be enforced in regards to the appointment and approval of bank agents this is to prohibit the risks that arise in the use of non-bank employees to effect transactions on behalf of the bank and to prevent the agents from charging authorized charges to the customers. Additionally, BOU as the regulatory and supervisory authority of banks and financial institutions in the country has to review existing laws and regulations frequently in order to ensure that they enhance and continued growth of agent banking while simultaneously protecting the interest of banks and commercial banks. It should be noted that most of the laws that regulate the legal frame work of agency banking like the computer Misuse Act, the Bank of Uganda Financial Consumer Protection Guidelines, the Bank of Uganda Act, the Registration of Persons Act and other laws do not expressly provide for agency banking as these laws were enacted before the commencement of agency banking in the country, thus there is need to amend or modify such laws to expressly provide for agency banking. Besides, the creation of minimum service criteria by responsible authorities through the regulations will help to ensure efficiency, trust, customer service delivery and customer protection in order to give an experience that is better than the alternative of keeping cash at home for instance there is need to amend the Bank of Uganda Financial Consumer guidelines to include agent banking. This is because the act was enacted sometime back (2011) before the commencement of agent banking in Uganda, this leaves the Act out dated and to a smaller extent not applicable to the current trend of agent banking

Also, the Registration of Persons Act is applicable to only resident persons of Uganda or persons who stay in Uganda for a certain period of time. This limits visitors of Uganda from different countries in regard to identification of their identity by the agents. Thus, there is need to include the registration of persons who are non-resident of Uganda or else provide any other means as to how such person can be identified.

Extension of Agency Agreement

There should be an existence of an agency agreement between persons who offer financial services on behalf of a financial institution and the financial institution itself and agents must strictly comply with the agreement. Additionally, the agreement must clearly specify the duties of the agents and banks in carrying out the agency banking business and well as the scope of liability. This will ensure that agents can comply with the agreement as everything will be specified.

Effective Operational Safeguards Must Be Put in Place

All information or data the agent collects in relation to agent banking is property of the financial institution and subject to data protection requirements. Therefore, the financial service should ensure that it has proper security control policies to safeguard the information, communication and technology systems and data from both internal and external threats.

Security Measures

Enough security measures should be put in place in all agency outlets in Uganda. Insecurities such as fraud and theft should be addressed so as to restore the confidence of the customers and agents. In Aida Atiku V Centenary Rural Development Bank Ltd, Justice Stephen Mubiru stated that banks have a duty to put in place robust fraud detection and prevention solutions to protect their assets, systems and customers. They have a duty to take reasonable measures to ensure that their digital banking systems and technology are secure and are regularly reviewed and updated for this purpose. Banks should know when a suspicious transaction or withdrawal takes place. They should ensure that transactions on their digital banking services can be traced and checked as long as they are received by their systems. Additionally, the management of different financial institutions should ensure that perceived trust is given utmost importance in a bid to improve adoption of agency banking. This can be done through ensuring safety and confidentiality of customer's finance as well as their personal account information such that customers can opt for other banking options when they feel that their money as well as their account information will be insecure when they use the agency banking system to make transactions.

Sensitization of Consumers

There is need for continuous sensitization of the public on agency banking. This calls for massive awareness programs to be undertaken to publicize the purpose and benefits of agency banking since agency banking is relatively new in Uganda.

More information and awareness should be put to the public about agency banking as a secure, efficient and modern way of banking, for those that fear the risks on such kind of banking as Customer awareness and Consumer Protection plays an essential role in ensuring sustainability of the agent networks. As technology-based digital solutions are difficult to understand compared to traditional financial services models, it is important to have an effective and comprehensive financial consumer awareness and protection framework that can manage any risks faced by consumers, especially the vulnerable segments. Publicity through radios, direct contacts and mounting of bill boards, fliers, social media and TV adverts should be encouraged to call people toward the use of agency banking. Thus, it is important to encourage agency banking education to create awareness on the presence and activities of agency banking. Educating all age groups is important, but given the trusting nature of the seniors, specific focus on the warning signs and dangers lurking in digital banking would help this vulnerable group and potentially assist in preventing account takeovers.

Training of Customers

The bank should provide the customer with regularly updated information on how to access digital banking services, including details about their customer ID, selection of appropriate passwords and the availability of additional authentication or security options, how to maintain their security and what their liability for unauthorized transactions will be of critical importance is the online fraud vulnerabilities of many senior citizens who believe that mobile phones are for talking and not conducting banking transactions, thus need by the bank to train customers their duties and responsibility.

High Quality Network (Data Service)

A proper functioning agent network is critical for the overall growth, performance and sustainability of any Digital Financial Services (DFS) ecosystem. In this regard, it is critical to ensure that agent networks are properly set up, well-managed, effectively regulated and supervised in a prudent manner to ensure that the customers they serve (especially unbanked and under banked), receive suitable high-quality products and services, and are protected against any malpractices. Thus, there should be an improvement on mobile network availability. This is a proper mechanism aimed at reducing incessant internet failures should be put in place because such affects both banks and customers alike.

Incentives

The study recommends that agency banking as a means of enhancing financial inclusion be highly supported and encouraged by all sectors including the banks, government, and licensing bodies especially local authorities so as to reduce the high compliance costs in bureaucracy in registration. The government of Uganda can provide incentives for telecommunications to deploy high quality network to all areas in the country. This would help resolve the problem of poor network which would slow down the whole process making it inconvenient to the customers.

Financial Inclusion

Agency banking should allow agents to be more financially inclusive than just offering cash transfer services. For instance, they can be allowed to convert cheques into cash. Deal with foreign currency exchange and among other services just like what the banks always do . The selection criteria of agents should be restructured so as to favor heavy cash operations in order to meet the demand of cash availability as well as handling large cash transactions.

Increase in Adoption Rates

Agency banking should be adopted by all banks operating in the retail market. The study further recommends that agency banking be marketed more as it's an area with great growth potential as it uses the already established private enterprises and saves the bank huge capital outlays of opening a branch. Also, more efforts of boosting perceived usefulness and ease of use should be continued for example, registering more agents to increase accessibility to the agency banking systems in different areas of the country.

Digitalization of Financial Services

The study recommends for use of mobile apps, cloud computing or block chain solutions to increase the flow of personal data. Therefore, there is a need to push for strong security measures, such as encryption techniques, and to comply with data location requirements, including international personal data transfers while securing access to data by competent authorities. This will improve and expand the provision of financial services, contribute to reduce costs and obtain efficiency gains in the system and, ultimately, enable the expansion of the population served, even in rural areas, offering greater speed, convenience and attractiveness. In short, it will take care of their main asset: the customer trust, the cornerstone of the digital economy.

Adoption of New Technology

Institutions should be able to provide adequate, advanced and secure technology which is capable of processing all transactions easily and within the shortest time. From the perspective of financial stability, operational information technology and cyber security risks have become a key concern among authorities. Cyber threats may create huge economic damage, but also if there is lack of confidence in the safety and security of digital technologies, the adoption of new technologies will falter even if they offer substantial benefits. For example, automated tools and services, such as electronic trading platforms and robo advisors, may increase the risk of market volatility and procyclicality in stressed or abnormal market conditions. Besides, new digital technologies allow banks to obtain multiple efficiency gains: economies of scale, faster time to market, higher resilience, speed, flexibility, etc. For example, cloud solutions offer multiple opportunities associated to flexibility and scalability, and allow financial institutions to innovate faster, gain efficiency, reduce time to market and improve productivity exponentially.

Consumer Protection Measures

In terms of consumer protection, the application of new technologies involves new security risks. Greater access to and use of customers' data increases the relevance of personal data protection. Moreover, some risks arise from automated tools, but they also allow for more control and traceability of the customer relationship. Positive perception of agent banking as a modern, efficient and secure tool of banking has to be created to the customers in order to increase confidence and trust.

Preservation of the Integrity of the Financial System

Finally, regulators and supervisors need to preserve the integrity of the financial system ensuring proper conduct by market participants. For example, the speed of real-time payment systems, the immediate availability of funds and the anonymity may attract illegal economic transactions to real-time payment systems. Similarly, when digital channels are used to acquire and onboard customers, new challenges arise for anti-money laundering and combating the financing of terrorism. Additionally, commercial banks at their individual capacity should co-operate with or building partnerships with various retail outlets which have extended working hours like supermarkets and petrol station, to offer agent banking services in order to extend the hours that customers can access services since most of ordinary agent banking outlets have limited working hours.

Conclusion

Whereas the Financial Institutions Act, the Agent Banking Regulations and other laws provide the protective gear to propel financial inclusion in the country by way of agent banking, there are clearly many questions over its effectiveness in a country that is yet to fully understand the agent banking regime. However, it has to be noted that agent banking as a new financial service model has resulted in an increase in cash transactions by banks. This trend is likely to continue because of the launch of a shared agent banking platform by the Uganda Bankers' Association which will allow connectivity between member banks so as to enable agents serve customers of any other member bank in order to minimize duplication of agency networks and maximize points of presence to ensure coverage across the country. This is a step in the right direction considering the fact that agent banking is in competition with mobile money which has managed to penetrate into the furthest regions of this country. It follows from the foregoing that in order for agent banking to accomplish what it set out to achieve, further effort and resources have to be applied in order to give it widespread accessibility.

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