

Olive Kabatalya
Board Member, UGAFODE



ABF: How did you become a board member of UGAFODE?

OK: I'm a banker by profession and also worked on a UN project focused on SME lending. I worked with the International Labor Organization (ILO) on a microfinance institution support project in Cambodia, and when I got back home to Uganda, I worked with several USAID-funded microfinance capacity building projects. In addition, I worked on microfinance capacity building programs in Sierra Leone and Lesotho and consultancy assignments in Rwanda. And now as I approach retirement, I'm doing consultancy tasks here in Uganda. I knew I had some rich experience that would benefit UGAFODE. And as I transition to retirement, I want to keep reading and looking for information and also meeting other experienced people, sharing with them and learning from them.

ABF: What is the board's major focus?

OK: UGAFODE is currently loss-making—so our major focus is to turn the institution around. The board is looking at three major areas. The first is to support management in improving savings mobilization, so that we can reduce our need to borrow funds for on-lending, and thereby reduce our costs. Another top area is to improve efficiency, through mobile banking and other digital finance channels. And the third—and critical—area is to support management to strengthen credit risk analysis in order to bring down the portfolio at risk.

ABF: The environment that you are working in is competitive. What are the implications of this for the board's strategy?

OK: In Uganda, the microfinance market environment is very competitive, with players ranging from big microfinance-focused banks to regulated micro deposit taking institutions and many non-regulated institutions. The implication for board strategy is for UGAFODE to focus on our niche – which is serving rural clientele – improve efficiency, and strive to be client-centric.

We've had a challenge with our highest performing staff members being poached by bigger and better-paying microfinance organizations. This has caused us to review staff benefits, and given that we are currently loss-making, better benefits will initially be performance-based.

ABF: Did your experience at ABF provide any helpful takeaways?

OK: The seminars made me realize how big the responsibility of sitting on a board of a financial institution is. It's a huge responsibility. The learning on client centricity was very rich. It helped us to put more emphasis on meeting client needs, which we were not previously doing directly as board

members. Borrowing the learning from the ABF seminar, we are visiting clients to ensure that we are not just reading performance reports, which do not usually include anything to do with meeting the needs of the client. We think this will give us a competitive edge.

ABF: What advice would you share with other board members operating in competitive environments?

OK: Keep studying market trends in any way possible. Pay attention to the media, newspapers, central bank announcements and other sector players. Financial sector studies like Finscope studies are very informative. Look for reports from and talk to microfinance associations.