

Absa's acquisition of Standard Chartered's retail and wealth unit accelerates its rise among Uganda's leading banks,

# The battle for Uganda's banking retail market

## Banking |

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For years, Standard Chartered Bank occupied a distinctive corner of Uganda's banking sector.

Its exit from retail banking does not mean it is leaving Uganda. Rather, it signals a transformation. Like Citibank, whose influence in the economy far outweighs its visibility on the high street, Standard Chartered is progressively betting on boardrooms rather than bank halls, corporate clients rather than current accounts, and institutional finance rather than everyday retail banking.

Unlike banks that built extensive branch networks across the country, Standard Chartered focused on a narrower but influential clientele. Its branches were concentrated in select urban and affluent commercial centres, catering largely to corporate executives, professionals, multinational firms, diplomats and high-net-worth individuals.

Its retail franchise was never the biggest. But it was among the most prestigious. That is why Absa's acquisition of Standard Chartered's wealth and retail banking business marks more than another banking transaction.

About two weeks ago, Bank of Uganda approved the deal, whose value has not been publicly disclosed, paving the way for one of the most significant shifts in Uganda's retail banking landscape in recent years.

The approval followed an earlier assessment by the Common Market for Eastern and Southern Africa (Comesa) Competition Commission, which concluded that the transaction was unlikely to lessen competition in the market substantially. For Absa, the acquisition delivers something every bank covets: scale. For Standard Chartered, it marks the latest step in a broader retreat from mass-market retail banking in several African markets.

And for the banking industry, it signals the emergence of a new competitive order shaped by consolidation, regional capital flows and an intensifying battle for customer deposits.

The transaction also reflects a broader shift taking place across Africa's financial sector. As some international banks narrow their focus to corporate and institutional clients, African banking groups are stepping forward to fill the gap.

Increasingly, the future of African banking is being written not in London or New York, but in Johannesburg, Nairobi and Lagos. The Absa-Standard Chartered deal is one of the clearest examples of that transition.

### Absa's top-tier moment

At the heart of the transaction lies one of banking's most valuable assets: deposits. Every bank competes for them. They are the foundation upon which lending, investment and profitability are built. The institution that attracts more deposits typically enjoys a stronger ability to finance loans, invest in technology

and weather economic shocks. For Absa, acquiring Standard Chartered's retail banking franchise offers something that would ordinarily take years to build: scale.

The Comesa merger assessment estimates that the combined institution will hold between 20 and 30 percent of Uganda's retail deposit market after the transaction, placing it among the country's leading retail banking players.

Comesa's analysis shows Stanbic Bank and Centenary Bank remaining among the major competitors, while other institutions collectively retain a substantial share of the market.

The acquisition also strengthens Absa's position in retail lending. Comesa estimates that the merged entity will control between 10 and 20 percent of Uganda's retail lending market. But the battle for deposits is ultimately a battle for balance sheets.

Absa enters this transaction from a position of considerable strength. According to its 2025 annual results, customer deposits grew by 46.4 percent to Sh4.66 trillion, while total assets expanded by 29.4 percent to Sh57.03 trillion. Profit after tax rose by 25.1 percent to Sh222 billion, reflecting strong organic growth.

Customer deposits already account for roughly two-thirds of Absa's balance sheet, underscoring how critical funding growth has become to its expansion strategy. Standard Chartered's retail and wealth business brings another important piece of the puzzle.

The bank reported total assets of Sh3.48 trillion at the end of 2025 and customer deposits of Sh1.31 trillion. However, those figures already reflected preparations for the sale after the retail and wealth business had been classified as held for sale.

More revealing were disclosures showing assets held for sale worth approximately Sh334.7b and liabilities associated with those assets amounting to about Sh80.9b.

Comesa projects Absa's market share in retail deposits, retail lending and life insurance distribution will increase following the acquisition.

These figures provide a glimpse into the scale of the retail and wealth franchise being transferred to Absa. Viewed through a funding lens, the significance of the transaction becomes clearer.

Instead of spending years acquiring customers one account at a time, Absa is obtaining an established deposit franchise in a single transaction.

If a significant share of those liabilities consists of customer deposits, the acquisition immediately enlarges Absa's funding base and strengthens its capacity to grow lending, treasury investments and fee-generating businesses. The transaction also delivers something harder to quantify: customer quality.

Standard Chartered's retail business was concentrated among affluent individuals, professionals, expatriates and wealth-management clients. Such customers typically maintain larger balances, purchase more investment products and generate higher fee income than mass-market retail customers.

For Absa, the deal, therefore, delivers both volume and value. Rather than growing customer by customer and branch by branch, the bank acquires an established portfolio of retail customers, wealth-management relationships, lending assets and deposit accounts in a single move. The deal effectively elevates Absa from a strong competitor to a top-tier challenger in the retail banking market.

The decision reflects the structure of Uganda's banking industry. Unlike smaller markets where a handful of institutions dominate financial services, Uganda's banking sector remains relatively diverse. Stanbic, Centenary, dfcu, Equity, NCBA, and several others continue to compete aggressively for customers.

In effect, regulators concluded that the deal changes the pecking order without eliminating competition.

Bank of Uganda's approval provided an additional layer of assurance, signalling that the transaction could proceed with-

out compromising financial stability or prudential standards.



The acquisition accelerates Absa's growth ambitions, expanding its reach across retail banking, lending and wealth management in Uganda. PHOTO / FILE

to hold significant positions in deposits and lending. The commission also found that market concentration levels would remain below thresholds typically associated with competition concerns.

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expanding deposits and lending capacity, affluent customer reach and a shift toward African-led banking groups.



Standard Chartered's retreat

For Standard Chartered, the transaction is part of a much larger story unfolding across Africa.

Over the past several years, international banks have reassessed their positions in emerging markets. Faced with rising compliance costs, increasing technology expenditure, and pressure to improve returns, several global lenders have narrowed their focus to businesses where they hold clear competitive advantages.

Standard Chartered has increasingly concentrated on corporate banking, transaction banking, trade finance, and affluent wealth-management clients.

Uganda is not an isolated case. In Tanzania, the bank sold its consumer, private, and business banking operations to Access Bank. Similar restructuring initiatives have taken place in Zambia and Botswana as the lender refines its footprint

in Africa. The shift reflects a changing reality. Mass-market retail banking requires significant investment in branches, technology, digital infrastructure, and customer acquisition.

For some international lenders, the economics no longer justify the scale of those investments. African and regional banking groups, however, increasingly see opportunity where others see cost.

### Following the South African money

There is another story embedded within the transaction.

Absa is one of South Africa's largest financial institutions, and its expansion in Uganda reflects a broader flow of South African capital into East Africa.

Absa's regional ambitions extend beyond Uganda. The group has previously signalled that acquisitions could play

a role in expanding its Kenyan footprint, reflecting a broader appetite for growth in East Africa, although no formal discussions or prospective targets have been publicly identified.

For more than two decades, South African companies have viewed East Africa as one of Africa's most attractive growth frontiers. MTN became one of Uganda's largest investors and taxpayers. MultiChoice built a substantial pay-television business across the region. South African insurers, investment firms, and asset managers have also steadily expanded northward in search of growth opportunities.

Absa is not the only banking group viewing East Africa as a strategic growth market. South African banking groups have increasingly identified the region as one of the continent's most promising

frontiers, drawn by its youthful population, expanding middle class, growing intra-regional trade and relatively low levels of banking penetration.

Nedbank, one of South Africa's largest lenders, is currently pursuing a controlling stake in NCBA Group, a move that would significantly strengthen its East African footprint.

Standard Bank, Africa's largest bank by assets, has repeatedly identified East Africa as one of its most important growth frontiers and has signalled a desire to deepen its presence in markets where rising incomes, digital adoption, and trade flows are creating new opportunities for financial services. The result is a gradual transfer of influence. Where international banks once dominated large parts of Africa's financial system, regional African institutions are increasingly shaping

the future of the banking sector.

### Wave of banking consolidation

The deal also fits neatly into a broader pattern reshaping East Africa's banking industry. Across the region, banks are pursuing acquisitions as a shortcut to scale. Uganda has already witnessed this trend. The acquisition of selected assets and liabilities of Crane Bank by dfcu Bank in 2017 dramatically altered the country's banking landscape and expanded dfcu's footprint almost overnight.

Elsewhere in East Africa, consolidation has become a defining feature of the sector. In Kenya, KCB Group acquired National Bank of Kenya to strengthen its domestic market position. More recently, Access Bank agreed to acquire National Bank from KCB as part of its wider East African growth strategy.

In Rwanda, KCB merged Banque Populaire du Rwanda with KCB Bank Rwanda after acquiring a controlling stake. Equity Group's acquisition of Banque Commerciale du Rwanda similarly transformed the market.

The forces driving these transactions are remarkably similar. Technology costs continue to rise. Customers demand sophisticated digital services. Regulatory compliance requirements are becoming more stringent. Fintech firms are competing aggressively for payment and transaction revenues.

In this environment, scale has become one of banking's most valuable assets.

### Winners and losers

Every major transaction creates winners and losers.

Absa emerges as the clearest winner. The bank gains deposits, customers, lending assets, insurance distribution capabilities and wealth-management relationships. Most importantly, it gains scale.

Standard Chartered benefits differently. By exiting a business it no longer considered central to its strategy, it can focus resources on corporate and institutional clients where it sees stronger long-term returns. Customers could also emerge as beneficiaries if increased competition pushes banks to improve services, strengthen digital offerings and develop more innovative products.

The pressure is likely to be felt most acutely by mid-sized competitors.

A larger Absa creates a stronger rival for salary accounts, affluent customers, SMEs and retail deposits. Institutions lacking scale or distinctive market positioning may find the competitive environment increasingly challenging.

### A new phase in banking

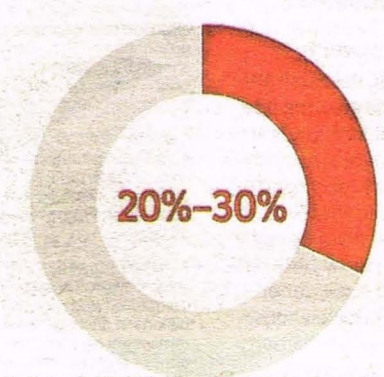
The bigger question is what comes next. Will Absa use its expanded balance sheet to compete more aggressively for salary accounts, SMEs and affluent customers? Will Stanbic, Centenary and dfcu respond with sharper pricing, stronger digital platforms and new products? Will other banks seek mergers or acquisitions of their own?

For decades, Uganda's banking industry was shaped largely by international lenders bringing global capital into local markets. The Absa-Standard Chartered transaction suggests a reversal is underway. Increasingly, African banks are becoming the consolidators rather than the acquisition targets.

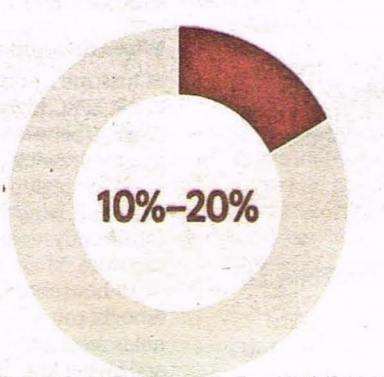
As deposits, data and digital customers become the new battleground, the future of East African banking may be determined less by who enters the market and more by who has the scale to stay.



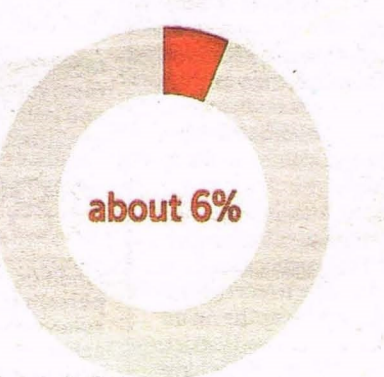
Combined retail deposit market share rises to between 20% and 30%.



Retail lending market share rises to between 10% and 20%.



Combined life-insurance distribution share rises to about 6%.



### Key highlights

- About two weeks ago, Bank of Uganda approved the deal, whose value has not been publicly disclosed, paving the way for one of the most significant shifts in Uganda's retail banking landscape in recent years.
- For Absa, acquiring Standard Chartered's retail banking franchise offers something that would ordinarily take years to build: scale. The Comesa merger assessment estimates that the combined entity will hold between 20 and 30 percent of Uganda's retail deposit market.
- For Standard Chartered, the exit of the wealth and retail market is part of a much larger story unfolding across Africa. Over the past several years, international banks have reassessed their positions in emerging markets.
- The transaction also fits neatly into a broader pattern reshaping East Africa's banking industry. Across the region, banks are pursuing acquisitions as a shortcut to scale.
- There is another story embedded within the transaction. Absa is one of South Africa's largest financial institutions, and its expansion in Uganda reflects a broader flow of South African capital into East Africa.



Standard Chartered's retail exit reflects a broader strategy shift towards corporate banking, wealth management and institutional finance. PHOTO / FILE