

ABSTRACT

This research study was about the Central Bank monetary policies and operational efficiency of commercial banks in Uganda; a case study of commercial banks in Kabale district. The study aimed at establishing the level of operational efficiency of commercial banks in Kabale district, establishing the role of the central bank monetary policies in promoting operational efficiency of commercial banks in Kabale district, and ascertaining the relationship between central bank monetary policy instruments and operational efficiency of commercial banks in Kabale district. 15 Data were collected from 88 respondents from four commercial bank branches: Centenary bank, Stanbic bank, Crane bank, and Posta Bank; using the distributed questionnaire, and interviews which were guided by the questionnaire.

With a survey design using both quantitative and qualitative approaches, the study ascertained a multiplicity of views pertaining the relationship between Central Bank monetary policy instruments and operational efficiency of commercial banks in Kabale District up on which it was concluded among others views that the monetary policies of the Central Bank are economic weapons incapable of achieving the degree of effectiveness which has been claimed on its behalf. This is because; as the central bank tries to stabilise the economy, the public feels marginalised in most cases as actions taken reduce individuals' disposable income thus affecting the operational efficiency of commercial banks in Uganda with a case study of Commercial banks in Kabale Municipality.

It was recommended that the central bank puts up a policy mechanism to capture illegal money lenders into the economic systems and regulate them for the benefit of the public, as these were found to be resourceful to the economy but not properly harnessed for the good of the people and the operational efficiency of commercial banks in Uganda. The future generation can learn from this research that Commercial banks are profit motivated institutions and their response to the central bank actions (monetary policies) is largely influenced by the manner in which their profit level and opportunities are influenced by these actions.