

Money paid through payment systems grows to Shs5 trillion

During the period ended June 30, according to Bank of Uganda licensed payment system operators transacted a total of 23.9 million transactions valued at Shs5.2 trillion.

BY DOROTHY NAKAWEESI

Transaction conducted through newly licensed payment systems have grown substantially, according to data from Bank of Uganda.

During the period ended June 30, Bank of Uganda data contained in the National Payments and Systems Department quarterly report, licensed payment system operators transacted a total of 23.9 million transactions valued at Shs5.2 trillion.

The transactions, Bank of Uganda indicates, have substantially impacted performance of mobile money, which during the period rose by 37.6 percent.

According to Bank of Uganda, as of August 25, a total of 18 companies had been licensed as payment systems operators and service providers.

This follows implementation of the National Payment Systems Act, which, in March last year, saw Bank of Uganda issue the first license to MTN Mobile Money that effectively separated mobile money from telecom operations.

A number of other payment system operators have since been licensed as Uganda races towards attaining a cashless economy, supported by the rapid growth in mobile money, which according Bank of Uganda, as of May, had more than 23.24 million active users.

Ms Charity Mugumya, the Bank of Uganda director communications, at the weekend told *Daily Monitor* that because payment systems are now fully streamlined, there has been rapid growth in the value and volume of mobile money transactions, which as of June 30, had increased from Shs113.3 trillion in June 2021 to Shs156 trillion, which represents a 37.6 percent growth.



At least there are 18 companies licensed by Bank of Uganda as payment system operators and service providers. PHOTO: I FILE

Government is counting on mobile money and enhanced internet reach to attain a cashless economy even as it has delayed beyond Bank of Uganda targets due to a number of challenges.

During the period, mobile money volumes increased by 22.1 percent from 3.9 billion to 4.8 billion transactions over the period.

Ms Mugumya said payment system operators have been critical in supporting integration and aggregation services thus easing adoption of digital payments, especially in public transport, micro insurance, savings and investment, among others.

Under the National Payment Systems Act, mobile money was split as standalone business regulated by Bank of Uganda. For long, mobile money had presented regulations challenges due to lack of an enabling law.

The National Payment Systems Act requires providers and operators to submit to Bank of Uganda quarterly financial performances details including income and a statement of the financial position, an annual audit report and publication of audited financial statements every year.

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CONSUMER PROTECTION

Whereas there has been accelerated growth in payment systems, Ms Mugumya says the Central Bank has in the last one year noticed an increase in cases of digital fraud, many of which have left customers counting losses. However, she says that Bank of Uganda, together with the Ministry of Finance are working on Consumer Protection Regulations, which will strengthen existing consumer protection policies.