

CHRISTMAS SPECIAL

DON'T EAT JANUARY FEES FOR CHRISTMAS

BY ANNABEL OYERA

The spirit of Christmas is in the air. Families are shopping, preparing travel plans and viewing prices of goats, chickens; and *gomesi* and *kanzu* to go bribe unsuspecting villagers they abandoned all-year-round. But beneath the glitter of festive lights lies a familiar January nightmare; empty wallets, unpaid rent, school fees crises, and utility disconnections. So, to avoid lamentations in January, financial experts are once again sounding the alarm - don't eat January funds for Christmas. In fact, put it away now. According to a 2024 report by the Financial Sector Deepening Uganda, over 60% of salaried Ugandans spend more than their monthly earnings in December, mostly on non-essential purchases, such as gifts, clothes, food, and travel. The result? A month-long hangover when schools reopen and landlords start calling.

HARD LESSONS

For Michael Ssenyonjo, a bodaboda rider from Mukono, the lesson came painfully in 2023.

"I wanted my children to have a Christmas like never before. I bought new clothes, we ate meat every day, and I sent money to my brothers in the village. By January 10th, I was hiding from the landlord. My children started school late," he whistles, shocked by his choices in that season.

Now, Ssenyonjo saves differently. Since October, he has been depositing sh10,000 daily into a SACCO account strictly for January expenses. "I decided, Christmas can be simple. What matters is peace in January," he says.

In Najjera, 28-year-old mechanic Daniel Musoke remembers the December that humbled him. After a good business year, he decided to "enjoy life properly". He bought new clothes, treated friends to pork and beer almost every evening, and even took a spontaneous trip to Jinja with his "boys". "But by the first week of January, reality struck. My landlord started calling, my daughter had to start school. I was forced to borrow from three different people just to survive," he says.

DOING IT RIGHT

In Kyaliwajjala, a group of women under the Smart Woman Savings



Studies show that Ugandans spend more than their monthly earnings in December

FINANCIAL MYTHS AND TRUTHS

Myth: "Kids need new clothes to enjoy Christmas."

Truth: Children enjoy attention, presence, and memories more than outfits. New clothes are optional, not compulsory.

Myth: "December money comes back."

Truth: It doesn't. What you spend in December has to be replaced through hard work,

not miracles.

Myth: "January is naturally hard."

Truth: January is only hard for people who treat December like a bonus month.

Myth: "January budgeting starts in August."

Truth: Good financial planning begins months before the festive season not January 2.

Club began saving for January as early as August. Each member contributes sh50,000 monthly into a separate "Back-to-School" fund. "By the time Christmas comes, we have already secured school fees. We enjoy our Christmas knowing we will not have to borrow in January," says chairperson Annet Nakiboneka.

For young professionals like Brian Ampaire, a software engineer in Kampala, technology has become a tool for discipline. "I use mobile banking to lock my January money in a fixed savings account. It can't be touched till January fifth," he says proudly.

EXPERTS SPEAK OUT

Financial literacy trainer Barbra Kyobutungi and director at Financial Diet Ltd, notes that Christmas season excitement can sweep away even the most disciplined saver.

Kyobutungi explains that what makes this even more ironic is

that December is not a surprise visitor. "We have had 11 whole months to prepare for it. We know it will come with endless expenses on parties, village trips, gifts, family obligations, and unplanned excitement. Yet year after year, December creeps up and catches many people unprepared."

Kyobutungi adds: "For countless Ugandans, the joy of December turns into the stress of January, with wallets completely dry and mobile money accounts reading 0.00. That's when the regret begins," she says.

Joram Mugisha, the CEO of Shylo Enterprises Ltd, recommends careful planning and budgeting. "Creating a holiday budget is a practical first step. List all expected expenses, from gifts and travel to food and decorations, and set spending limits based on what remains after reserving money for rent, school fees, and utilities," he says.

Mugisha recommends moving

these essential funds into a separate account or envelope, treating them as untouchable for holiday spending. He also says choosing budget-friendly celebrations, like pot-luck gatherings or simple gifts, can also help families enjoy the season without compromising financial stability.

He warns that borrowing without a repayment plan, and overspending to impress others are widespread mistakes. "Mobile loan apps and SACCOs offer quick cash, but without careful planning, they often become debt traps."

BANK/ SACCO OFFICIALS

Rtd. Lt. Moses Mugisha Magufuri, the procurement and seed monitoring officer at Operation Creation in the President's Office, says during December, they usually see a significant rise in cash withdrawals as people prepare for holiday gifts, travel, and parties.

"ATM and point-of-sale withdrawals often increase by 15-30% above the monthly average. Similarly, short-term loan uptake such as credit card advances, payday loans, or holiday personal loans tends to spike as shoppers bridge the gap between festive spending and their next paycheck," he adds.

He explains the ripple effects into the January-February period. "This festive spending often creates a ripple effect into the new year. Many borrowers carry higher balances into January, pushing

SIGNS YOU ARE OVERSPENDING THIS CHRISTMAS

- You withdraw money more than twice in a day.
- You buy gifts out of guilt, not planning.
- Every outing ends with "I will pay."
- You haven't written a budget, just vibes.
- You tell yourself "I'll recover in January."
- You are using loan apps for Christmas shopping.
- You are paying for things you didn't plan, just to "fit in."
- You are shopping without comparing prices.
- You have stopped tracking mobile-money charges.
- You're hiding receipts from yourself.

them into minimum-payment territory. As a result, repayment rates typically dip by 5-10%, while delinquency notices start to rise. Some customers use tax refunds or January sales to reduce holiday debt, which can temporarily improve cash flow, but overall default rates usually remain elevated until salary cycles stabilize."

Mobile money operator Maureen Nansanga says during the festive season, there is a significant surge in customer withdrawals and transfers. "People are cashing out more frequently to pay for school fees, family gifts, travel, and festive events. Unlike other months, the amounts are often higher in the second half of December."

She says in this period, customers also tend to use mobile money for group contributions, bulk payments, and last-minute purchases, which puts a visible strain on their balances compared to the rest of the year.

"In my experience, these December spending habits often translate into financial pressure in January. Many customers come back seeking small loans through mobile money services because they exhausted their savings or spent ahead of their next income."

It underscores a critical need for planning, what is spent in December should not come from January's funds," she says.