

# Four-day internet shutdown stalled Shs1.4 trillion in fintech payments

The shutdown exposed Uganda's dependence on digital finance, as liquidity dried up and billions in daily payment flows were frozen.

## Internet shutdown.

DOROTHY NAKAWEESI

Each day the internet remained off, Uganda's digital economy bled an estimated Shs357 billion in stalled transactions.

By the fourth day, according to Financial Technology Services Providers Association (FITSPA), the cost was no longer abstract; it had become systemic, cumulative, and deeply felt across households, businesses, and financial institutions.

Vincent Mwijukye, the chairman of FITSPA, says the internet shutdown had a significant impact on fintech operators and Payment Service Providers (PSPs).

Records from Bank of Uganda as of June 2025, he says, show that PSPs process transactions worth about Shs325 trillion annually, translating to an average of Shs893b in digital transactions each day.

FITSPA estimates that approximately 40 percent of the daily volume could not be processed during the shutdown, which is equivalent to about Shs357b per day in real value.

"When you look at it day by day, the numbers are staggering," Mr Mwijukye says. "For each of the four days the internet was off, close to Shs357b could not move through the system."

Over the four days, this meant that well over Shs1.4 trillion in digital transactions were either delayed or did not occur at all.

Although Uganda Communications Commission (UCC) had granted exceptional approval for digital financial services to continue operating, Mr Mwijukye says the directive was implemented abruptly and without sufficient coordination.

"Because of the abrupt nature of the directive, many fintechs were unfortunately shut down due to uncoordinated operations by Internet Service Providers," he said, noting that the "exemptions were there, but were not uniformly applied."

This lack of coordination meant that even fintechs classified as essential ser-



A four-day internet blackout disrupted fintech services, freezing billions in daily payments and highlighting the critical link between connectivity, liquidity, and economic activity. PHOTO/FILE

vices experienced outages, further compounding the economic impact during the initial days of the blackout.

However, he notes that partial restoration came on the second day, with USSD services brought back online, but USSD phones were not functional for with-

drawals or deposits, limiting their use mainly to savings, deposits, and basic account access.

"USSD helped people check balances or save, but it did not solve the liquidity problem," Mr Mwijukye says, noting that whereas "people could see their money, they could not use it."

FITSPA estimates a 40 percent reduction in digital transaction usage, affecting traders, transport operators, small businesses, and households that rely on daily digital cash flows.

Each additional day of disruption deepened the strain, slowing down merchant transactions, while many informal businesses that operate on thin margins closed altogether.

Beyond the immediate transaction losses, the shutdown highlighted a deeper vulnerability in the economy: liquidity.

"Currency is only as good as its liquidity," Mr Mwijukye says. "When money cannot move for days, it effectively loses its value, even if it exists digitally."

The shutdown, FITSPA says, exposed weaknesses in how critical digital infrastructure is protected and coordinated during periods of restriction.

"We are not arguing against regulation," Mr Mwijukye says. "What we are saying is that essential financial services must be preserved through proper coordination and clear implementation."

Efforts to obtain a comment from Bank of Uganda, which regulates Payment Service Providers, had not yielded a response.

FITSPA said stronger engagement with regulators would be critical in preventing similar disruptions in the future.

Telecom operators MTN and Airtel said it was too early to assess the full impact of the internet shutdown and the partial ban on mobile money services on their revenues and operations.

FITSPA, however, highlights that in an economy that increasingly depends on digital payments, internet access is no longer optional; it is foundational.

"When the internet goes off, the cost is counted not just once, but every single day it remains off," Mwijukye says.

### Key figures

## Shs357b

FITSPA estimates that approximately 40 percent of the daily volume could not be processed during the shutdown, which equivalent to about Shs357b per day in real value.

## Shs893b

Records from Bank of Uganda as of June 2025, show that PSPs process transactions worth about Shs325 trillion annually, translating to an average of Shs893b in digital transactions each day.