

FINANCIAL LITERACY IS INSURANCE AGAINST POVERTY



By Paul Busharizi

How does a man like Floyd Mayweather—arguably the most successful prizefighter of his generation, with career earnings said to exceed \$1b, find himself dogged by tax liens, lawsuits and whispers of cash flow strain? And yet, that is precisely the narrative emerging: vast wealth tied up in property, but pressure on liquidity; assets in abundance, but cash in short supply.

It is easy to dismiss such accounts as the excesses of celebrity life. But to do so is to miss the more useful lesson. Strip away the scale the private jets, the Manhattan duplex, the Las Vegas real estate and what remains is a problem that is far more familiar, even mundane.

It is the gap between earning money and understanding it.

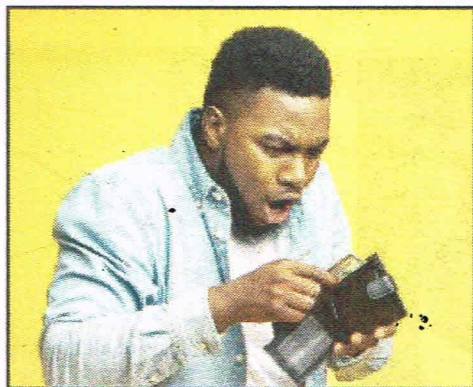
That gap is where fortunes are made and lost.

UNDERSTANDING MONEY

We tend to frame poverty as an income problem. Raise incomes, the thinking goes, and poverty recedes. There is truth in that, of course. But it is an incomplete truth.

Because across income levels, from the salaried professional to the trader in Owino, you encounter the same pattern: money comes in, but very little stays. The issue is not just how much is earned. It is what is done with what is earned.

Money, left unmanaged, has a way of evaporating. This is why financial literacy is not



A man shocked with insufficient money in his wallet. The same pattern cuts across all income levels, money comes in, but very little stays

INCOME AND WEALTH

Consider the difference between income and wealth. Income is a flow—a salary, a fee, a profit margin.

Wealth is a stock, the accumulation of assets that continue to generate income even when the primary source of earnings slows or stops. Too often, a rising salary is taken as evidence of rising wealth. It is not.

Without deliberate allocation, income turns into consumption. And consumption, however justified, does not compound.

This is where many high earners come unstuck. The trappings of success, houses, cars, lifestyle upgrades arrive early.

The discipline of asset building arrives late, if at all. The result is a life that looks prosperous on the surface but is structurally fragile underneath. A single disruption such as a job loss, a business downturn, a delayed payment, exposes the fragility.

a luxury. It is not something to be acquired after one has "made it." It is, quite simply, the only reliable insurance against poverty. Not because it guarantees wealth, but because it reduces the probability of losing it.

COMMON REALITY

Seen through this lens, the Mayweather story is less an outlier and more an exaggerated version of a common reality. Assets that cannot easily be converted into cash. Obligations that demand immediate settlement.

The uncomfortable space in between. Liquidity, it turns out, matters as much as net worth.

For the ordinary Ugandan, the numbers are smaller but the dynamics are identical.

The teacher who builds a house over 20 years but has no savings to fall back on.

FINANCIAL LITERACY DISCIPLINES

The entrepreneur whose capital is locked up in stock that cannot move.

The professional whose lifestyle expands in line with income, leaving no room for investment.

Different circumstances, same outcome. Financial literacy is about three disciplines.

The first is allocation; deciding, in advance, how income will be split between consumption, saving and investment. This is less about theory and more about habit.

A standing instruction that channels a portion of income into treasury bonds or a collective investment scheme each month, does more for long-term wealth than any sporadic investment inspired by market chatter.

The second is asset selection; understanding what constitutes a productive asset. In Uganda's context, this increasingly includes government securities offering double-digit yields, dividend-paying equities on the Uganda Securities Exchange (USE), and well-run businesses.

These are assets that generate cash flow. They work, quietly and consistently.

By contrast, many of the assets we celebrate such as land held indefinitely or high-end consumption goods are either illiquid or non-productive. They may preserve value. They rarely grow it.

REINVESTMENT

The third is reinvestment. This is where compounding, often described but rarely experienced, does its work. Returns, whether in the form of bond coupons or dividends, must be redeployed. Over time, the effect is transformative. Modest sums, consistently invested and reinvested, begin to scale in ways that defy intuition. Miss one of these disciplines, and the system begins to falter. What makes the absence of financial literacy particularly dangerous is that it

does not announce itself early.

In the initial stages, everything appears to be working. Income is rising. Consumption is improving. The outward indicators are positive. It is only later, when obligations accumulate and income becomes uncertain, that the underlying weakness becomes visible. By then, adjustment is difficult.

ACCESSIBILITY OPPORTUNITIES

Uganda today is at an interesting inflection point. Financial instruments that were once the preserve of institutions are increasingly accessible to individuals. Treasury bonds can be purchased in relatively small denominations. The stock market, while still shallow, offers entry points. Digital platforms are lowering transaction costs.

In principle, the architecture for broad-based wealth creation is taking shape.

But access without understanding is a risk.

Without financial literacy, participation in these markets tends to veer towards speculation. Investors chase price movements rather than underlying value.

Entry and exit decisions are driven by sentiment rather than analysis. Losses, when they come, are attributed to the market rather than the method.

WEALTH TRANSFERS

In such an environment, the market performs a different function. It transfers wealth—not from the rich to the poor, but from the uninformed to the informed.

Which is why the conversation on financial literacy needs to move from

FOREX RATES

CURRENCY	BUY	SELL
US DOLLAR	3,700	3,730
EURO	4,310	4,450
POUND	4,950	5,150
KENYA SH	28.5	30.5
TZ SH	1.35	1.62
DHIRAM	930	1,050
S.A RAND	215	270
JAPANESE YEN	18	40
RWANDES FRANC	2	3.5
DOLLAR SMALL	3,500	3,720

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RATES ARE SUBJECT TO CHANGE

the margins to the centre.

Not as an abstract concept, but as a practical toolkit. How to allocate income. How to identify productive assets. How to reinvest returns. How to think about risk.

In the end, the most valuable asset an individual can possess is not a piece of land or a portfolio of properties. It is the capacity to manage money consistently, rationally, over time. Because incomes fluctuate. Markets move. Opportunities come and go.

But financial literacy endures. And in a world where the line between comfort and crisis can be thinner than it appears, it remains the only insurance that reliably holds.

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