

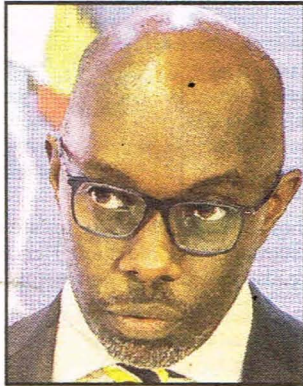
BOU BANKS ON DIGITAL INFRASTRUCTURE FOR INCLUSION

By Ivan Tibenkana

The Bank of Uganda (BoU), working with the gender and labour ministry, is advancing efforts to link financial inclusion with enterprise growth, particularly among young people and start-ups, supported by efficient digital public infrastructure (DPI). For the central bank, DPI-driven interoperability is expected to drive financial inclusion by expanding access to finance and enabling cashless transactions, which are essential for accessing credit through formal reporting systems.

At this year's labour convention and expo, organised by the labour ministry, discussions highlighted that effective DPI, supported by robust payment platforms and data exchange systems, is key to financial inclusion and enterprise growth.

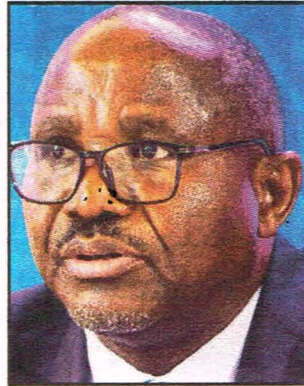
These efforts aim to improve



Arnold Bagubwaye

financial inclusion rates, currently at 34% among youths aged 15-24 and 68% among adults.

"Interoperability would make business much easier and facilitating digital payments reporting ensures every transaction is captured within a formal database. This digital footprint is essential for youths without traditional collateral to improve their credit rating," said Arnold Bagubwaye, BoU's head of financial



Fabian Kasi

inclusion. Under the second National Financial Inclusion Strategy (NFIS) 2023-2028, developed by BoU and the finance ministry, an 85% financial inclusion target has been set.

INTEROPERABILITY

The ability to exchange data seamlessly across IT systems is central to improving productivity and expanding opportunities for start-ups. BoU says efforts are underway

to standardise merchant codes, ease cross-platform payments and improve interbank communication.

This aligns with 2023 FinScope findings, which show that 44% of income is derived from trade, 18% from dependants and 13% from services such as transport and hospitality. Other sources include wages, casual labour and rental income.

Merchant code standardisation between MTN Uganda and Airtel Uganda is progressing, enabling seamless transactions for platform workers such as those using SafeBoda and Uber.

Currently, 82% of money transfers are conducted via mobile money. A pilot project will soon be launched to support interoperability and provide secure business wallets, free from deductions linked to personal mobile wallet loans.

The project targets supermarkets, clinics and transport services.

BETWEEN THE LINES

✘ In the second national financial strategy (NFIS), 2023-2028, developed by both the central bank and the finance ministry, an 85% financial inclusion target is set.

Additionally, a national QR code standardisation project is underway to integrate all wallets and merchants, allowing customers greater choice. Globally, only 12% of payment systems incorporate inclusive features such as QR code transactions.

ACCESS TO CAPITAL AND JOBS

BoU notes that interoperability among banks and payment systems will ease capital flows and expand opportunities, supported by digital payment records that provide a cash flow trail. Fintechs continue to play a major role. MTN Group,

for example, recorded a 6.5% increase in subscriptions to 14.7 million Ugandans and a 17.3% rise in fintech revenue to sh1.1 trillion last year. Transaction volumes also grew by 16.8% to five billion. In November, the Credit Reference Bureaus Association of Uganda, alongside institutions such as UBA, BoU, NIRA and URSB, agreed to streamline information sharing to improve credit reporting and enable collateral-free lending.

FIXING EXCLUSION GAPS

Fabian Kasi, managing director of Centenary Bank, said 20% of the bank's sh4.2 trillion loan book is directed towards agro-financing, supported by interoperability.

"We rolled out nearly 10,000 agents to deliver services and ensured interoperability. Customers can use our card on any ATM linked to Interswitch, Visa or other networks, while clients of other banks can access our agents," Kasi explained.