

500 employees affected as Letshego exits

Letshego, which has operated in Uganda for over two decades and built a network of 46 branches, is divesting its businesses in Uganda, Ghana, Tanzania, Nigeria and Rwanda.

BY ANTHONY WESAKA

Nearly 500 employees of Letshego Uganda Limited face an uncertain future following the decision by its parent company, Letshego Africa Holdings, to exit the Ugandan market as part of a broader restructuring strategy.

The development has left staff, including the company's Chief Executive Officer, Mr Giles Aijukwe, grappling with a bleak future after the Botswana-based lender signed binding agreements to sell its Ugandan subsidiary alongside operations in four other African countries.

Letshego, which has operated in Uganda for over two decades and built a network of 46 branches, is divesting its businesses in Uganda, Ghana, Tanzania, Nigeria and Rwanda to Axian Digital Venture Holdings, part of the Axian Group.

"Building on our strategic progress to date, today marks an important milestone as we share an update on the proposed change to our footprint in East and West Africa," the company said in a statement announcing the transaction yesterday.

The group added that it had reached an agreement with Axian for the sale of its subsidiaries across the five markets, marking a significant shift in its continental operations.

"We have reached an agreement with Axian Group for the sale of our subsidiaries in Ghana, Tanzania, Nigeria, Rwanda and Uganda," the statement read in part.

According to yesterday's announcement, Axian will acquire 100 percent of the issued share capital in Letshego's entities in Uganda and the four other coun-



Letshego Uganda Limited will be taken over by Axian Digital Venture Holdings. PHOTO/ ANTHONY WESAKA

tries, in a deal that remains subject to regulatory approvals and clearance from relevant authorities.

For Letshego, the move signals a strategic pivot toward southern Africa, reducing its footprint from 11 to six sub-Saharan markets.

Axian Group Chief Executive Officer Reinette van der Merwe described the transaction as a milestone in the company's efforts to streamline operations and strengthen financial performance.

"By rationalising our portfolio, we expect to improve our capital efficiency, strengthen our balance sheet, and position Letshego to generate better returns and sustainable long-term value for our shareholders," she said.

She added that Axian is a strong partner with the financial capacity and operational expertise to drive growth in the divested markets, citing its commitment

MOMENTARY RELIEF

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to financial inclusion and development across Africa.

The exit brings to a close more than 20 years of Letshego's presence in Uganda, where it has focused on providing credit to individuals, small businesses and un-

derstood communities.

While the transition could open a new chapter under Axian's ownership, the immediate impact has triggered anxiety among employees now facing job uncertainty in an already challenging economic environment.

Letshego Africa Holdings, headquartered in Botswana and listed on the Botswana Stock Exchange, serves more than 4.5 million customers across the continent and employs over 3,000 staff.

If approved, the deal will mark a major realignment of the group's operations as it approaches 27 years in business, while handing Axian a ready-made platform in five of Africa's competitive retail finance markets.

Multiple financial institutions and banks have exited the Ugandan market, undergone liquidation or scaled back operations in recent years due to changing

market conditions, capital requirements and strategic shifts.

Some of the financial institutions that have since closed shop include Standard Chartered Bank Uganda and Afriland First Bank (U) Limited, which voluntarily exited the Ugandan banking space in May 2022.

Others, such as EFC Uganda Limited and Mercantile Credit Bank, were placed under liquidation with licences revoked, while Finance Trust Bank, Orient Bank, and Top Finance Bank were taken over.

Also, Gratuity Trust Bank, ABC Bank and Opportunity Bank were downgraded to Tier 2 status.

Other historical exits include Global Trust Bank and Imperial Bank Uganda.

Over 10 forex bureaus and three money remitters were forced to exit the sector, with notable closures including Lloyds Forex Bureau.