

# How telecoms captured the remittance receiving market



## Remittances. |

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For years, Uganda's remittance industry belonged to the traditional money transfer giants.

Western Union, MoneyGram, bank wire transfers, and forex bureaus were the undisputed gatekeepers of diaspora cash.

If a Ugandan working in Boston, Riyadh, London, or Dubai wanted to send money home, they had to queue at an agent outlet abroad, pay high fees, and instruct relatives in Kampala to collect the cash from a bank branch or a remittance outlet.

The remittance economy was physical, urban, and bank-centered.

Families travelled long distances to collect money. Receivers needed IDs, transport fare, and often had to spend hours waiting in banking halls or crowded remittance shops.

Traditional transfer companies dominated because they controlled the infrastructure. Banks processed the money, forex bureaus converted the dollars, and international money transfer operators owned the customer relationship.

But Uganda changed. And mobile money changed it faster than anyone

### Remittance sector key highlights

- By 2025, the story of Uganda's remittance industry had become less about bank counters and more about phones in people's hands.
- Bank of Uganda 2025 Cross-Border Remittance Report shows that Uganda received a record \$2.5b in diaspora remittances during the year, of which 73.32 percent were received digitally, especially through mobile money, compared to only 26.68 percent collected as cash.

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The Bank of Uganda 2025 Cross-Border Remittance report shows that Uganda received a record \$2.5b in diaspora remittances during the year, a figure rivaling or surpassing major export sectors.

The biggest transformation inside that \$2.5b story is the rise of digital and mobile-money-based receiving channels.

Bank of Uganda data show that 73.32 percent of remittance inflows are now

Mobile money now dominates Uganda's remittance market, displacing traditional cash pickup firms as diaspora transfers increasingly go directly to phones. PHOTO/ EDGAR R. BATTE

received digitally, compared with only 26.68 percent received in cash.

That single statistic tells the story of how mobile money has eaten into the market share once dominated by traditional remittance receiving companies.

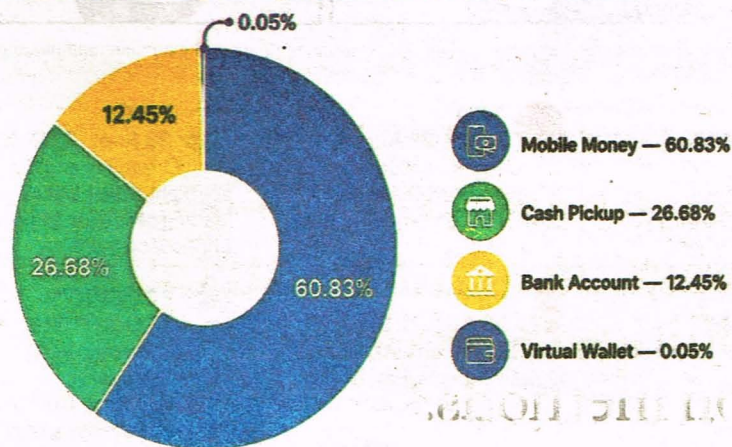
At the same time, 60.83 percent of remittance termination happens through mobile money, compared to 26.68 percent through cash pickup and 12.45 percent through bank accounts.

A decade ago, cash pickup would have dominated. Today, it is mobile money that dominates the final mile.

The remittance business has effectively moved from the counter to the handset.

This transformation happened because Uganda built one of Africa's most extensive mobile money ecosystems. Telecom operators such as MTN and Airtel spread agent networks deep into villages where banks never reached.

An illustration showing how Ugandans receive money from abroad



Once international remittance providers integrated with telecom wallets, receiving money became instantaneous.

A domestic worker in Saudi Arabia can send money directly to her mother's mobile money wallet in Kabale.

A nurse in US can pay school fees instantly for relatives in Iganga. A security guard in Dubai can send emergency medical support at midnight without the recipient ever stepping into a bank.

### Change in business model

The old remittance companies are still present, but their role has changed. Instead of owning the entire customer experience, many now operate in the background, partnering with telecoms and banks that handle digital disbursement.

The institutional market share reflects this shift.

On inflows, Payment Service Providers now control 56.66 percent of remittance reception, banks handle 27.69 percent, while forex bureaus account for just 12.56 percent.

The growth in remittances itself reflects major demographic and migration changes.

### The diaspora economy

Uganda's diaspora economy is now heavily dependent on highly skilled diaspora communities in North America and Europe, and labour migration to the Gulf states.

The US remains Uganda's largest single remittance source, contributing \$702m, or 28 percent of all inflows, while Saudi Arabia contributes \$380m, or 15.2 percent of total inflows. This reflects the rapid expansion of Ugandan labor migration into the Gulf, especially among domestic workers, hospitality workers, construction laborers, and security personnel.

UK, UAE and Canada round off Uganda's biggest sources of remittances, with a combined contribution of more than 71 percent.

Regionally, North America contributes 32.76 percent, the Middle East 31.38 percent, Europe contributes 23.21 percent, and Africa contributes 9.66 percent.

This means Uganda's remittance economy is no longer tied to one migration pattern.

Yet despite the billions flowing in, the remittance economy remains overwhelmingly grassroots and survival-oriented.

Bank of Uganda data shows that 92.43 percent of all remittance transactions are below \$500, which means they are frequent, small-value support payments meant to keep households running.

The largest identified purpose is family support, accounting for \$880m, with probable uses being buying food, paying rent, school fees, healthcare, emergencies, construction, and small businesses.

Data shows that about 1.66 million Ugandans received money from relatives and friends abroad in 2025.

The average recipient is not necessarily banked. Many live outside formal financial systems. But they almost certainly have access to a mobile phone and a nearby mobile money agent.