

Digital borrowing is exploding: Repayment looks good as well

Borrowing is surging rapidly, repayments are keeping pace, signaling strong credit circulation despite rising digital loan risk pressures.

Digital borrowing.

DOROTHY NAKAWEESI

The mobile money lending market is growing exceptionally. In 2025, Bank of Uganda data shows, digital borrowing volumes surged sharply, while repayment activity nearly matched, and in some cases exceeded, new credit disbursements.

The result is a system showing strong repayment momentum, even as underlying credit risk remains elevated.

Data from the Bank of Uganda Financial Inclusion Newsletter for the year ending December 2025 highlights a rapidly expanding digital credit ecosystem, where both loan issuance and recovery are scaling at high speed.

Digital loan disbursements, which are largely channeled through mobile money, continued their steep upward trajectory, reflecting strong demand for instant, mobile-based credit.

Data shows that loan transactions rose to 306.3 million in 2025, a 352.8 percent increase from 67.6 million the previous year, returning a value disbursement that nearly doubled, rising by 96.1 percent to Shs4.8 trillion.

Quarterly figures show sustained momentum, with loan disbursements growing 25.2 percent in volume and 5.4 percent in value, indicating continued reliance on short-term mobile credit across households and small businesses.

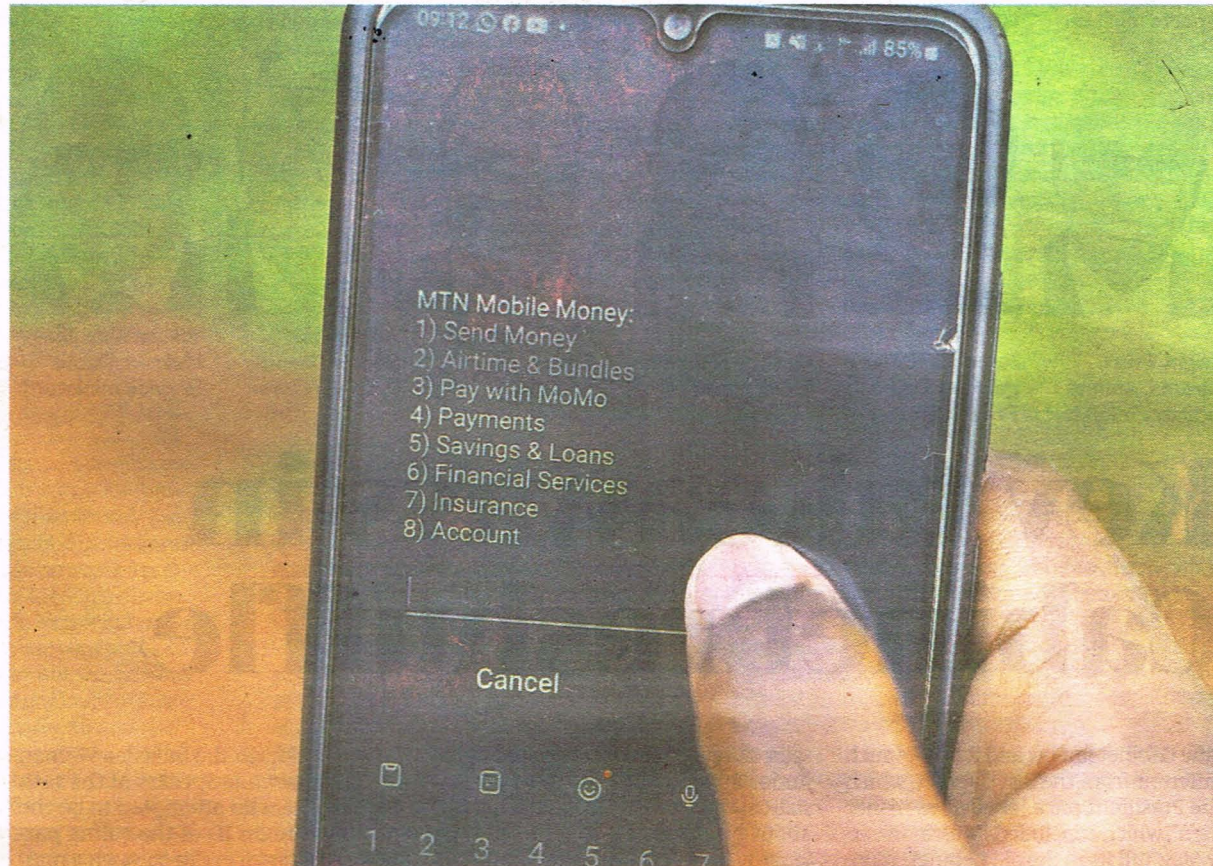
Repayments keep pace

A direct comparison between loan disbursements and repayments shows a strong recovery profile across the digital credit system.

Loan disbursement transactions stood at 306.3 million, while repayment transactions reached 291.9 million.

This translates to a repayment-to-disbursement ratio of about 95.3 percent in transaction volumes, meaning nearly every new loan transaction is being matched by a repayment transaction within the period.

In value terms, loan disbursements amounted to Shs4.8 trillion, compared to repayments of Shs4.9 trillion. This gives



Mobile money borrowing surged in 2025, with loan volumes rising sharply while repayments kept pace, signalling rapid digital credit expansion. PHOTO / FILE

a repayment-to-disbursement ratio of about 102.1 percent, indicating that repayments not only covered new lending but also contributed to clearing past obligations in the system.

Together, these figures suggest a highly active repayment environment and strong liquidity recycling within the mobile lending ecosystem.

A key pressure point

Despite strong aggregate repayment flows, loan quality indicators point to persistent risk in the system.

The non-performing loan ratio for digital credit rose to 37.3 percent at the end of December 2025, up from 32.3 percent a year earlier.

The ratio, measured 10 days after loan expiry, reflects the nature of uncured, instant mobile lending, where credit risk is concentrated among institutional digital lenders working with payment service providers. This divergence highlights a key feature of the market: strong overall repayment volumes, but uneven performance at the individual loan level.

Mobile savings show mixed trends

Digital savings activity presented a mixed performance, with declining transaction counts but rising savings values.

The number of savings transactions fell 2.8 percent to 45.7 million, while total savings value increased 18.3 percent

to Shs919.7b. This suggests fewer but larger deposits, indicating a shift in customer behaviour toward higher-value savings activity. However, quarterly data showed sharper volatility, with savings volumes dropping significantly toward year-end, consistent with seasonal household spending patterns.

Expanding ecosystem

The broader mobile money infrastructure continued to grow, providing the foundation supporting both borrowing and repayments.

Registered mobile money agents increased by 27.5 percent to 1.17 million, significantly improving access to cash-in and cash-out services nationwide.

Active mobile money users rose to 36.3 million, while total registered users reached 53.6 million, showing deeper en-

Key data

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gagement beyond basic registration.

Mobile money transaction volumes increased 21.1 percent to 301.1 million, while values climbed 40 percent to Shs66.1 trillion, underscoring the system's central role in everyday financial activity.

Digital payments

The wider digital payments ecosystem also expanded, reinforcing the infrastructure behind mobile lending and repayments.

Payment System Operators processed Shs17.6 trillion in transactions in the final quarter of 2025, while supporting over 12,000 institutions across banks, mobile money operators, and financial service providers.

Electronic money systems continued to scale rapidly, with annual transaction values reaching Shs366 trillion and volumes hitting 9.1 billion transactions.

Uganda's mobile money lending market is expanding rapidly, with borrowing and repayment activity moving almost in lockstep.

However, while repayment ratios of about 95.3 percent in volume and 102.1 percent in value suggest strong recovery flows and efficient credit recycling, the rising non-performing loan ratio signals continued stress at borrower level.