# Protect sovereignty without undermining the economy

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The Protection of Sovereignty Bill, 2026, speaks to a real concern. But, as written, it reaches into the daily financial lives of ordinary Ugandans and conflicts with the laws already governing the sector. There is a better way forward.

The Bill's intention is to shield Uganda from foreign interference. The intention speaks to a real and important concern.

Every country seeks to protect its sovereignty. But, as the Bill is currently written, its reach extends far beyond that purpose.

Uganda's digital financial sector does not operate in isolation. The country has built a legal and regulatory framework that governs how financial institutions are licensed, how transactions are monitored, how customer information is protected, and how financial risks are managed. Laws such as the National Payment Systems Act, the Financial Institutions Act, the Anti-Money Laundering Act, the Data Protection and Privacy Act, and the Investment Code Act were designed to work together, creating a system that balances oversight with growth and innovation.

At the centre of these issues is the definition of an "agent of a foreigner," which is so broad that it captures almost any entity that has received foreign funding or is connected to an international partner. In a sector like fintech, where growth has been driven by cross-border investment and collaboration, this effectively places most operating companies within the scope of the Bill.

Each year, Uganda receives between $2 million and $2.4 million in remittances. If the systems that facilitate these transfers become difficult or risky to operate, the impact will be felt first in households. It will mean delays, uncertainty, and higher costs for people who rely on these funds. There is also a fundamental operational reality that cannot be ignored. Cross-border payments are processed in real time, often settling in seconds across international networks. Requiring prior approval before such transactions can take place is not simply an administrative step; it is incompatible with how these systems function. There is no operational scenario in which both requirements can be met; one will inevitably give way to the other. A more practical approach would be to rely on timely reporting from already supervised institutions, rather than pre-approval of every transaction.

Beyond the immediate effects, there are broader implications for Uganda's position in the region and the global financial system. The country is part of agreements and frameworks that support the free movement of capital and facilitate trade. It participates in regional payment systems and aligns with international standards designed to ensure transparency and stability.

Introducing overlapping and politically driven approval processes risks placing Uganda in conflict with these commitments and weakening its ability to engage effectively within these systems.

When regulatory environments become unpredictable or inconsistent, international partners often respond by reducing their exposure. This can make cross-border transactions more expensive, slower, and less accessible, affecting both businesses and individuals.

None of this suggests that the goal of protecting sovereignty should be set aside. It simply means that the approach must be carefully aligned with the systems that already exist and the realities of how they operate.

There is room to address the concerns the Bill seeks to solve without disrupting the financial infrastructure that millions depend on. The definitions can be refined to focus on genuine risks without capturing legitimate business activity. Institutions that are already regulated can remain under the oversight of the authorities best equipped to supervise them. Cross-border transactions that comply with existing laws can continue without unnecessary barriers. Provisions that create uncertainty can be clarified to ensure that normal financial activities are not unintentionally criminalised.

Uganda has built a financial system that has expanded access, supported businesses, and connected people in ways that were not possible a generation ago. This progress reflects years of effort, policy decisions, and collaboration.

The path forward lies in careful consideration and adjustment, ensuring that the country can protect its sovereignty while preserving the systems that support its people and its economy.

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