

When mobile money services were restricted during the recent election period, many Ugandans discovered that having money in a mobile wallet did not necessarily mean being able to use it.

With withdrawals limited, those who relied entirely on digital funds were effectively rendered cash-poor, forced to search for agents or postpone essential transactions.

The disruption raised an uncomfortable but necessary question: is Uganda truly ready to function as a cashless economy?

The debate is not new. Over the past decade, Uganda has positioned itself toward a digital payments future, anchored by the National Payment Systems Act, 2020 and the National Financial Inclusion Strategy.

While earlier ambitions targeted significant reductions in cash usage by 2022, the current policy horizon extends to 2028, focusing on expanding digital inclusion rather than eliminating cash outright.

Yet the election-period restrictions revealed a gap between policy ambition and everyday reality.

For Vincent Tumwujukye, chairman of the Financial Technology Service Providers' Association, the central challenge lies in how digital money is perceived and treated.

"Mobile money is not just a virtual account," he says. "It is a currency. It is money, and its ability to flow must be preserved."

Tumwujukye argues that when access to mobile money is disrupted, one of the fundamental functions of money, the freedom to transact, is compromised.

In his view, digital financial services are still regarded as a convenience rather than essential infrastructure.

"If I deposit money on mobile money, accessing it should not be a luxury," he says. "It should be no different from having cash in your pocket."

Despite recent setbacks, Tumwujukye believes Uganda is structurally prepared for a cashless economy. He points to the scale of digital transactions as evidence of steady

The cashless dream faces reality check

evolution. "Daily, over Shs800b moves on fintech rails," he says. "That translates to more than Shs300 trillion annually. That momentum cannot be ignored."

He attributes growth to Uganda's youthful population, rising digital awareness, and a regulatory environment that allows private-sector innovation.

In his assessment, the challenge is not readiness but institutional alignment, ensuring regulators, telecoms, and financial institutions move in sync with an economy already digitising.

Not yet there

A more cautious assessment comes from Airtel chief executive officer Soumendra Sahu, who acknowledges progress but insists that Uganda has not yet crossed into

a fully cashless society. "The transition is happening," he says. "But there is still a long way to go."

For Sahu, the test is whether digital payments can seamlessly replace cash in daily life. School fees, transport fares, food purchases, and wages in the informal sector still depend heavily on physical currency, especially outside major urban centres.

Until digital options are universally accepted at the point of need, cash will remain indispensable.

He identifies the merchant ecosystem as the missing link.

"When 70 to 80 percent of merchants, not just in Kampala but nationwide, can accept digital payments, then we will see real change," Sahu explains. "Wherever you go, there should be a merchant code or QR

Mobile money has transformed everyday transactions in Uganda, enabling millions to send, receive, borrow and store funds digitally, while reshaping commerce, expanding financial inclusion and accelerating the country's shift toward a cashless economy.
PHOTO/FILE

ICAL. Through players, Bank of Uganda and the Uganda Bankers Association, have formed an Anti-Fraud Consortium to detect and mitigate risks. But confidence remains fragile.

"Any hindrance to access erodes trust in digital money," Tumwujukye says.

Recent data from Bank of Uganda illustrates both progress and vulnerability. Electronic money transaction values rose 28.6 percent to Shs326.3 trillion in the year to June 2025, while transaction volumes increased to 8.4 billion. Person-to-business payments reached Shs59.2 trillion, reflecting growing commercial use.

Mobile banking transaction values increased 39.4 percent, even as internet banking declined amid cybersecurity concerns. By June 2025, 18 licensed e-money issuers operated in Uganda, supported by more than one million agents.

This vast agent network extends services to rural areas but also highlights continued reliance on cash-out infrastructure.

The Central Bank confirms that all electronic money in circulation is fully backed by trust account balances, reinforcing financial soundness. Meanwhile, digital loan disbursements and repayments have surged, signalling rising confidence in e-lending products.

Taken together, the evidence suggests Uganda is neither unprepared nor fully ready. Digital payments are embedded in daily economic life, but infrastructure and adoption gaps remain.

The shift toward digitisation is undeniable, but resilience has not fully caught up. The path forward is less about choosing between cash and digital money and more about ensuring digital currency functions reliably, freely, and consistently, especially during moments of stress.

The lessons from recent disruptions highlight the importance of resilience, coordination, and broad-based adoption as the country advances toward a more cashless future.

Must be preserved

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