Boda riders choke under pressure of loan sharks

Offices of micro-credit firms and motorcycle financing companies are often crowded with youth seeking to secure motorcycles on hire-purchase terms.

BY TEDDY DOKOTHO

At dawn, the rumble of motorcycle engines fills the air across Gulu City as boda boda riders weave through traffic, ferrying passengers and parcels in a race against time — and debt.

For thousands of young men here, a motorcycle is a lifeline.

But behind the promise of financial independence lies a fragile credit system that many riders say is trapping them in cycles of debt, repossession, and despair.

On any given day, offices of micro-credit firms and motorcycle financing companies are crowded with hopeful youth seeking to secure motorcycles on hire-purchase terms. The arrangements are often simple: pay a deposit, commit to daily or weekly instalments for up to two years, and eventually own the motorcycle.

For jobless youth without collateral to access conventional bank loans, the deals appear attractive and attainable.

Some raise deposits through sports betting. Others sell family land, livestock, or other assets in their villages. The gamble is steep, but the alternative, unemployment, feels worse.

"The dream is to finish paying for and own the bike; but even missing a few days can cost you everything," says Mr Daniel Otim, a rider at Holy Rosary stage.

Across the city, confiscated motorcycles are a common sight. Riders say repossessions often happen abruptly, with little room for renegotiation.

Many financing companies install GPS tracking systems on motorcycles. Once a rider defaults, the bike can be disabled remotely or physically impounded.

"When they take the motorcycle, you lose your income immediately; and the money you have already paid is rarely refunded," Mr Otim explains.

For some, repossession happens when they are only months, or even weeks, away from completing payment.

Mr Moses Rubangakene, a rider from St Mauritz Village, says he had paid most of his Shs7.8 million loan when he defaulted on a weekly instalment of Shs125,000.

At the time, he owed Shs1.28 million — the final balance. He was given a two-week ultimatum to clear the arrears or forfeit the motorcycle.

"I pleaded with them, but they sold it; All the years I had paid meant nothing," he said.

Beyond financial losses, the psychological toll is immense. Many riders are sole breadwinners supporting families in rural areas. When a motorcycle is repossessed, income stops instantly.

The humiliation of public confiscation, riders say, brings stress, anxiety, and strained family relations.

Some borrow again to survive, entering new loan agreements to restart the cycle. Others abandon the sector entirely.

Mr Walter Atiko, a financial consultant, argues that the largely unregulated nature of many micro-credit institutions has worsened the situation.

"These companies are money-minded. They target vulnerable youth who they know will struggle and default," he says.

"Some charge up to 200 percent above the normal market price," he adds.

Unlike regulated banks that conduct thorough affordability checks, he says, some operators deliberately extend credit to high-risk clients, knowing repossession is profitable.

Some boda bodas go about their work in Kampala City. The sector remains one of the largest employers of urban youth in northern Uganda. PHOTO/FILE

COUNTING THE COST

- Average financed motorcycle: Shs7.8 million
- Pay a deposit (Shs120,000-Shs550,000)
- Average weekly instalment Shs125,000
- Loan period: Up to 2 years
- Some motorcycles reportedly priced up to 200 percent above market value
- Repossession can occur after about four weeks of arrears

Companies respond

Spiro Uganda, the country's largest electric motorcycle supplier, offers motorcycles with an initial deposit of Shs120,000 for electric models and Shs550,000 for fuel motorcycles.

Mr Moses Ojok, a supplier of Spiro motorcycles in Acholi S-region, says repossession only occurs after non-payment.

"With Spiro, I don't follow you. If you don't pay, the motorcycle switches off by itself; after about four weeks of arrears, we impound it and give it to another client," Mr Ojok says.

He maintains that riders are given time to clear arrears but must honour weekly schedules.

Similarly, Watu Uganda spokesperson Esther Kisukye says recovery is a last resort.

"Customers are given clear repayment schedules, reminders and multiple opportunities to regularise their accounts before recovery," she says.

"Affordability assessments are conducted before loans are issued," Ms Kisukye adds.

At the grassroots level, boda boda associations are stepping in.

Mr Emmy Ocen, the chairperson of the Laroo-Pece Division Boda Boda Association, says the group has used association funds to rescue motorcycles in extreme cases.

"We have seen riders struggle for two-and-a-half years to pay Shs8 million, then when they are left with only Shs300,000, the company demands full payment or confiscates the bike," he says.

In some instances, the association clears outstanding balances and allows the rider to repay gradually.

The boda boda sector remains one of the largest employers of urban youth in northern Uganda. Yet its credit-driven growth model is increasingly under scrutiny. Critics say stronger regulation and financial literacy programmes are urgently needed to prevent exploitation.