business

Daily Monitor
MONDAY,
FEBRUARY 22, 2016
www.monitor.co.ug

KQ, Booking.com in deal to offer all inclusive deals. Kenya Airways (KQ) has partnered with hotel booking engine, *www.booking.com*, to sell accommodation with the aim of offering an integrated experience to its customers through the website. Through *Booking.com* customers will have access to more than 800,000 hotels across the world. [Monitor correspondent]

Mobile money shutdown hits businesses hard

Figure. At least Shs1.8 trillion is transacted through the platform on a monthly basis.

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KAMPALA. On Kampala Road, a Simba Telecom outlet is experiencing unusual activity.

Inside the outlet, you would mistake it for a commercial bank based on the various bank teller-like booths. Except that it is not a commercial bank. It is a mobile money outlet.

On a regular day, queues would be forming inside the outlet with people withdrawing or depositing money.

However on Friday and Saturday last week, there were no queues.

"We are turning people away because there has been no mobile money service," one of the employees told *Daily Monitor*.

Nearly 20 million mobile money users were unable to access the service for at leasttwo-and-half days.

On election day, Ugandans woke up to no social media and no mobile money services. When customer care was consulted, the messages indicated that there was "a temporary interference in the service."

A mobile money kiosk remains closed as the service was blocked on orders from the government. Agents have said they lost a lot of business during the days the service was non-functional. PHOTO BY STEPHEN OTAGE

National security

As the day wore on, it was confirmed by Mr Godfrey Mutabazi, the executive director Uganda Communications Commission (UCC), that the mobile money service was taken down due to "national security reasons."

"The commission in exercise of its mandate, under Section 5 (1) (b) and (x) of the Uganda Communications Act 2013 and other laws issued a directive to telecommunications operators and internet service providers to curb further proliferation of harmful content on the internet and social media," Mr Mutabazi said in a statement.

Mutabazi said he issued a directive – dated February 19, 2016, a day after shutdown started – on the advice of security agencies.

Without giving further details, the statement points out that all mobile money platforms be shutdown "in order to avert imminent attack (sic) by terrorist groups." In an earlier interview with NTV Uganda, Mr Mutabazi had said the mobile money function was shut down to avert voter bribery. UCC insists it was doing this in the interest of public safety.

Umeme says it was forced to open some of its offices to allow customers to clear their bills. Other customers opted for services like Payway – a vending machine service. At Capital Shoppers Supermarket Ntinda, the queue of people using a Payway machine was longer than usual as people tried to settle bills. For Water bills, mobile money accounts for about Shs3b of all collections. Those same customers had to find alternatives to make payments.

Telecoms, agents lose billions

In the three days that the service was unavailable, MTN Uganda was unable to make money on mobile money transactions.

If there was a visible absence of people in major urban centres, it was mobile money agents. MTN alone accounts for 54,000 agents who rely on customers transacting business in order to make money.

"My business is mostly moving money for customers using mobile money. Each day I do not transact, I make a loss that I can't recover even if the service is restored. The more I transact, the more money I make," says an agent at Baronnet Enterprises in Kampala.

As the mobile money service was restored in some parts by 6pm on Saturday, recovering from a loss of two days will be a tough one to ask.

Mobile money is one of the fastest growing money transfer systems in Uganda.

In 2009, there were at least 1,000 users of mobile money. Currently, according to UCC, that figure has grown to about 19.5 million.

In fact, mobile money has been hailed for deepening financial inclusion in Uganda where bank accounts are six million.

One of the top bankers in Uganda, Mr Herman Kasekende, the CEO Standard Chartered Bank Uganda, in 2015 said "what we are witnessing is a revolution" in the growth of mobile money. On top of the surging subscriber numbers, mobile money transactions have grown from ShsShs962.7b to Shs24 trillion by the end of 2015. The bulk of these transactions is through the market leader, MTN Uganda.

As at the end of October 2015, MTN revealed, at least, Shs1.8 trillion was moving through MTN Mobile Money per month, which explains the barrage of negative comments the telecom company, received.

On average, MTN Uganda has about Shs60b worth mobile money transactions each day. On each fee charged to withdraw money by a customer, the telecom company earns a percent and the agent also gets a standard commission.

Utility bills, pay tv services, street parking and various other businesses transact using mobile money.

Notably, Umeme reveals that each month, Shs12b of Shs120b worth of collections are made using mobile money. This alternative cash payment method has been part of the reason why Umeme is no longer hemorrhaging money in collections and in some cases exceeding targets.

Umeme is currently in a non-reporting period as auditors complete their work but a company official reveals that they were "overwhelmed by calls from customers using mobile money."

"Mobile money gives customers the convenience to purchase electricity in the comfort of their homes. They were forced to find alternatives like a commercial bank or a Umeme office yet they had planned to stay at home," the official revealed.

GOVERNMENT SUED

There has been widespread condemnation over the shutdown as being "undemocratic" from various people including opposition presidential candidates and election observers.

For people who rely on this service for daily use, their business case was rarely argued. One nongovernmental organisation, Legal Brains Trust, has taken the government to court over this decision, saying the move was made out of "irrational purposes" and that "property, livelihood and consumer rights connected with mobile money transactions" had been disproportionately interfered with by the State.