



Guest Speaker  
Michael Atingi-Ego  
Deputy Governor

## **XENO-MTN MoMo Launch**

MTN Uganda Headquarters  
Jinja Road, Kampala

26 July 2022

Mr Keith Kalyegira - CEO, Capital Markets Authority

Mr Martin Nsubuga - CEO, Uganda Retirement Benefits Regulatory Authority

Mr Wim Vanhelleputte - CEO, MTN Uganda

Mr Aeko Ongodia - Founder & CEO, Xeno Investment Management

Mr Richard Yego - CEO, MTN Mobile Money Uganda

Members of the press

Distinguished ladies and gentlemen

Good evening to you all.

It is a great pleasure to visit the MTN headquarters and reciprocate the visits by Ms Yolanda Cuba, Wim, Mr Yego, and the MTN team, who often call on us at the Bank of Uganda (BoU).

Thanks to Mr Aeko Ongodia for inviting me to speak at this launch of a strategic partnership between Xeno Investment Management and MTN Uganda to help millions in Uganda save and invest via USSD.

Before delving into my remarks, let me say how proud I am to see Aeko thriving as an innovator harnessing technology to take professional fund management services to the masses. He is a former colleague who spent some of his formative years as a young professional at the BoU and a good ambassador of the central bank family.

The launch of this partnership between Xeno and MTN is a milestone achievement in the fulfilment of a strategic goal that Ms Cuba shared with me during a courtesy call at the BoU last year (2021), not long after she was appointed the Vice President for the Southern & East Africa MTN Market. She informed us that MTN was enhancing its Mobile Financial Services to promote the cashless economy and would work with FinTech firms to improve its value-added services by integrating them into the MTN API platforms.

Let me request Wim to relay our acknowledgement of this milestone to Ms Cuba and to say that the BoU will keenly follow the progress of this marriage of finance and technology to enable millions of Ugandans to save and invest for their goals.

This marriage has a lot of promise because it brings together a nationwide distribution network by the pathbreaking MTN Uganda and an innovative technology-driven approach to fund management by Xeno. It is not hard to see that this is a synergetic and scalable partnership.

The chances of success for this partnership are high because it seeks to take financial services to diverse users wherever they are and to each at their level through convenient and ubiquitous cell phones. In addition, using USSD will facilitate the financial inclusion of clients at the bottom of the economic pyramid.

The noble partnership is long overdue, given the extent of the prevailing need. The BoU Financial Capability Survey for 2020 revealed a persistent gap in access to and usage of financial services. Just over half (about 57.6%) of adult Ugandans had saved in the last 12 months at the time of the survey. Only 0.1% of adult Ugandans saved by buying financial securities. Only 45.5% of adult Ugandans were involved in an investment venture.

Recall that the FSD Uganda surveys during the Covid-19 pandemic also showed that two out of three respondents were unable to raise UGX 115,000 (USD 30) in seven days for emergencies. If you ranked the amount of savings available from the smallest to the largest, people's median amount at any given time was UGX 4,800 (USD 1.3).

An overwhelming majority of Ugandans depended on friends, family, and good Samaritans for survival during the pandemic. Indeed, Uganda's high dependency rate predated the pandemic and is likely to persist long after it. And the dire situation of reported deaths due to starvation in Karamoja shows an urgent need for safety nets at the household level.

The high level of dependency and vulnerability among the population makes it urgent for all of us to devise ways to boost savings and investment if we are to change the fate of the people we all serve as policymakers, regulators, entrepreneurs, or captains of industry.

The Late Kofi Annan, former UN Secretary-General, threw down the gauntlet saying, "The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives."

I urge all stakeholders in the financial system, each within their means and mandate, to assume the role of change-makers – just like we are witnessing here today – to provide mechanisms for saving, borrowing, and investment for all users across income brackets. Universal financial inclusion will help to bring all Ugandans into the money economy, and enriching the breadth of financial services will boost the resilience of households to shocks.

I hope that Xeno and MTN will establish objective metrics of success and conscientiously curate the associated data to be used appropriately for policy analysis and tailored client service design. Optimal measurement of the progress of this partnership will inform potential enhancements to ensure its effectiveness and sustainability. I hope we can count on you, Aeko and Mr Yego for the metrics and data analytics.

With MTN as a pioneering player in our market, I am happy to say that mobile network operators have developed and deployed innovative products like mobile money platforms, which have increased access to and usage of financial services. Until today, the services have included peer-to-peer cash transfers, e-merchant payments, micro-credit, micro-savings, and micro-insurance products. In addition, with the partnership launching today, Xeno has brought unit trust funds, a popular form of collective investment schemes, to the MTN MoMo platform.

Mr Kalyegira will attest that collective investment schemes are growing considerably, with assets under management nearly doubling from about UGX 567 billion at the end of March 2021 to about UGX 1.1 trillion at the end of March 2022<sup>1</sup>. We hope this partnership will power forward the growth of collective investment schemes such as unit trust funds, which are Xeno's underlying investment vehicle on the MTN MoMo platform.

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<sup>1</sup> [Capital Markets Authority Quarterly Bulletins](#)

On a cautionary note, the deployment of technology and acceleration of digitalization of financial services by the Covid-19 pandemic has spawned new business models and increased financial inclusion. Still, it has stoked cybersecurity risks by enabling hackers to attack IT systems, steal funds and intellectual property or disrupt services for ransom.

Cybersecurity risks can derail financial inclusion, progressing well through digitalizing payments systems and financial services. Therefore, Xeno and MTN MoMo must work tirelessly to safeguard this partnership with robust cybersecurity defences so as to maintain customer and public confidence in this fusion of finance and technology.

I also call upon both partners to optimize efficiencies through continuous technology improvements to keep the costs of transactions and financial services sustainably low, especially given the vast potential of serving those at the bottom of the pyramid.

The impact of this partnership will also be enriched by the devotion of resources to promote financial and digital literacy for the explicit purpose of empowering users – "knowledge is power".

On our part, I am happy to say that this initiative is consistent with the BoU's strategic plan that prioritizes digital payments for a cashless economy and financial inclusion. Accordingly, the BoU will keep promoting progressive stakeholder collaboration and engagements as well as nurturing innovation in the payment ecosystem through the regulatory sandbox.

The regulatory sandbox facilitates the safe testing of innovations in a live setting under the central bank's oversight. The regulatory sandbox permits experimentation while mitigating the attendant risks. We have already registered one successful tester under the sandbox, with the participant graduating with a full e-money issuer license.

As I end my remarks, let me highlight another topical way the BoU will support this partnership. I know that Xeno provides value to its clients by investing their savings in financial assets such as treasury bills and bonds.

You may know that such investments are most fruitful when they provide a return exceeding inflation. High inflation is akin to a thief that cuts your pockets stealthily as you squeeze your way through the crowds in downtown Kampala. Inflation erodes money's purchasing power, thereby retarding long-term planning, savings and investment. I dare say that the worst enemy to the underlying objective of helping people save and invest for their goals is inflation.

Recently, inflation has surged, and projections show that it will exceed our target of average annual core inflation of 5%. Inflation levels above the 5% target retard economic growth and will not be tolerated by the BoU. And so, when inflation spiked recently, driven by external factors and drought, the BoU increased the central bank rate (CBR) and enhanced the monetary tightening by raising the cash reserve requirements for banks to 10%.

The BoU will maintain a tight monetary policy stance to prevent the price increases, which have spread across the typical basket of consumer goods and services consumed by households, from becoming persistent and spiralling out of control.

Fostering price stability and a sound financial sector is the most significant contribution we can make to the effectiveness of this partnership. So naturally, we also commit to regulating and stewarding the payments systems for sustainable safety and soundness amidst the evolving challenges.

Ladies and gentlemen, hold me to my word when I say that, within our mandate, the BoU is prepared to do whatever it takes to restore inflation to low and stable levels in line with maintaining macroeconomic stability. Restoring inflation to the 5% target over the medium term (two to three years ahead) is our primary job, and we are committed to doing it, come rain or shine.

The fact that supply shortages caused the recent spike in prices due to the pandemic, the Russia-Ukraine conflict, and drought implies that inflation can be brought down sooner if the availability of consumer goods and services improves as quickly as possible.

Accordingly, we support all the efforts by the Government and private sector to increase the production and smooth flow of goods and services. We also encourage increased output of high-value exports to boost the forex earning capacity of the country.

Before I conclude, let me congratulate Wim on his promotion to the regional role as Operating Executive for the West and Central Africa Markets of Liberia, Guinea-Conakry, Guinea-Bissau, and Congo-Brazzaville within the MTN Group. You have served Uganda well, and we wish you great success in your new role.

Finally, congratulations to Xeno Investment Management and MTN MoMo upon the consummation of this milestone partnership. Thanks to the teams at both Xeno and MTN who worked hard to deliver this success. In the words of Helen Keller, an American author, "Alone we can do so little; together we can do so much."

Thank you for listening to me.