

An Investigation into the Role of Remittances in Supporting the Growth of Small and Medium Sized Enterprises in Uganda.

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Leading to the award of Master of Science in Entrepreneurship

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Abstract

This study examines the role that remittances play in the growth of small and medium sized enterprises (SMEs) in Uganda. It also suggests future policies that impact remittances in Uganda.

Purpose: This research investigates the impact of remittances on SMEs' growth in Uganda, and the relationship that strategic policies and the collaboration between government institutions and financial organizations play in this regard.

Motivation: The contribution of remittances to the economic growth of Uganda and to expound their impact on SMEs. To have policies that target development implemented by the government, to encourage investment and funds inflows. This is because remittances have helped reduce poverty in Uganda, improved the economy by creating more jobs in form of SMEs, and the education of children.

Research Aims/Objectives: To investigate the role that remittances play on SMEs growth in Uganda. The impact that government policies, the role of financial players and other organisations have on the growth of remittances and SMEs in Uganda. To suggest future policies that facilitate the growth of remittances and SMEs in Uganda.

Literature Review: Official documents were used to gather insights on the SMEs' growth in Uganda. These included academic journals, articles, textbooks, and online sources on the impact of remittances on Uganda and other developing countries in Africa.

Methodology/Design/Approach: The research was done using a qualitative approach, adopting in-depth interviews with four SME owners and three government officials in addition to three key players in telecoms, banks, and charities in Uganda. Data was analysed using thematic coding and random stratification.

Findings and Analysis: It was found that remittances play a crucial role in the economic development of Uganda. Factors that limit remittances growth include, high costs of the transfer fees, illiteracy of recipients, and government policies.

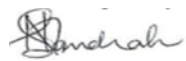
Conclusion: The study confirms that remittances contribute to the growth of SMEs, lead to investments by migrants, and the economic development of Uganda. It is recommended that further studies on the role of government policies in boosting investment and remittances should be done in the future for development to occur in Uganda.

Declaration

I certify that the research, which I have submitted for assessment of the programme of study, leading to the award of Master of Science in Entrepreneurship, titled "**The Role of Remittances in Supporting Small and Medium Enterprises (SMEs) Growth in Uganda**" is entirely my work and has not been taken from other sources.

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Signed:

A handwritten signature in cursive script, appearing to read 'Sandrah', with a stylized initial 'S'.

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Appendix III List of Financial Institutions and Category in Uganda:

ACRONYMS

BoU	Bank of Uganda
Cenfri	Centre for Financial Regulation & Inclusion
Fintech	Financial Technology
FSP	Financial Service Provider
FIA	Financial Intelligence Authority
FEA	Foreign Exchange Act
G2P	Government-to-Person
GDP	Gross Domestic Product
IB/OB	Inbound/Outbound
ICTD	International Centre for Tax and Development
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IMTO	International Money Transfer Operator
IOM	International Organisation for Migration
KYC	Know-Your-Customer
MDI	Microfinance Deposit-taking Institutions
MFI	Microfinance Institution
MMP	Mobile Money Provider
MNO	Mobile Network Operator
MTO	Money Transfer Operator
NIC	National Identity Card
NIN	National Identification Number
NIRA	National Identification and Registration Authority
NITA	National Information Technology Authority
PoA	Proof of Address
PSP	Payment Service Provider
P2P	Peer-to-Peer
RSP	Remittance Service Provider
SACCO	Savings and Credit Cooperative
SDG	Sustainable Development Goal

SME	Small and Medium sized Enterprise
UN	United Nations
UNCDF	United Nations Capital Development Fund
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
WTO	World Trade Organization

Chapter One

Introduction

1.1 Background

Uganda

Uganda is a landlocked country found in East Africa. It is bordered by Kenya in the East, the Democratic Republic of Congo in the west, Rwanda in the South-West, South Sudan in the North, and Tanzania in the South (Uganda Bureau of Statistics, 2019). According to International Organisation of Migration (2015), Uganda hosted Polish refugees in 1940, and it is believed that since then, remittances started coming into the country through the Peer to Peer (P2P) informal channel. The P2P informal channel is the moving of money from one person to another physically, and it is not monitored by the government or the Central Bank (Cenfri, 2018). Remittances have impacted the economic development of Uganda, as most households receive funds for education, medical care, and investment from the diaspora World Bank (2024) and International Monetary Fund (2024).

Figure 1: A map of part of Africa showing Uganda



Source: International Organisation for Migration (IOM)

Remittances

Remittances are funds received by someone as a payment or a gift or for financial support. Remittances are also referred to as cross-border payments to family or friends (International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022) and World Bank (2024). They are often associated with migrant workers sending money back home to their friends or relatives in their countries of origin (Statista, 2022). They are usually sent from abroad or overseas into someone's bank account and mobile telephone wallet, also known as formal remittances or through friends as they travel back home for holidays, that is known as informal remittances (Financial Intelligence Authority, 2024; International Fund for Agricultural Development (IFAD), 2021 or through friends as they travel back home for holidays, that is informal remittances and Ratha, 2013a). Nyead, Adams and

Musah (2022) suggest that financial development is a key component in the economic growth of a nation and remittance play a significant role in this aspect.

Small and medium-sized enterprises (SMEs)

Small and medium-sized enterprises (SMEs) or small and medium-sized businesses are businesses that have few numbers of staff, and their revenue is less than that of large corporations or government agencies (World Bank, 2024). On average, SMEs have less than 250 people working in the business or organisation (Ratha, 2013a). SMEs are divided into micro enterprises that have less than 10 persons, small enterprises with 10 to 49 staff and medium sized ones with 50 to 249 people (Kisubi *et al.*, 2022).

In Uganda, it is argued that the growth of remittances can be monitored by Money Transfer Organisations (MTOs) such as Revolut, World Remit, Ria, (International Fund for Agricultural Development (IFAD), 2021). According to Nyeadi *et al.* (2022), these entities can transfer funds using digital applications, Mobile Network Operators (MNOs) platforms and through banks. The money transfer entities provide a good background for SMEs that have developed with the support of remittances in the country and have contributed to Uganda's economic growth. These businesses grew from one town to another across the various districts in Uganda, creating business offices and employing several people (Muyengera and Matsumoto, 2016). In the past decade, many international organisations like the United Nations (UN), World Trade Organization (WTO), The World Bank, and the European Union (EU) have expressed interest for people and companies to create startups with most of them being in the form of SMEs. They have proceeded and given startup funds and grants to these entities to increase and encourage their participation in new businesses (United Nations Development Programme, 2022).

1.2 Uganda's Position as a Recipient of Remittances from the Diaspora

Remittances to Uganda went up to USD 1,431.23 million in 2022/2023, more than the value of USD 1,133.94 million recorded in 2021/2022 (International Fund for

Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG), 2022). (International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG), 2020), also noted the impact of the COVID-19 pandemic on the global economy and the job security for Ugandan migrant workers all over the world, lowered the amount of money they send back home to their families (United Nations Development Programme, 2022). However, remittances are still useful in supporting people in some of the world's poorest countries Ratha and Mohapatra (2007). The International Fund for Agricultural Development (IFAD), (2021) states, the statistics from the **Migration and Development Brief** in the second quarter of that year showing that remittance flows to Uganda reduced by 26 percent, from USD 1.4 billion in 2019 to USD 1.1 billion in 2020. Nonetheless, Uganda was still among the top ten receiving countries in Sub-Saharan Africa (SSA).

Ur Rehman and Hysa (2021) argue that in some countries, referencing information and statistics from 1970 to 2005, remittances negatively affected the economic growth of their countries because of a lack of strong financial systems and their inability to add enormous value to human capital. According to Kisubi *et al.* (2022), it is estimated that about one in seven people worldwide are involved with remittances, substantially impacting payment behaviour, especially in Uganda. Kisubi *et al.* (2022) continue to state that this has led to the spur of SMEs in the country. For Uganda, the top five recipients for remittances in 2021 were South Sudan, the Democratic Republic of the Congo, Kenya, Rwanda, and Sudan (Northern part of the country) Zerihun (2021). Uganda's main sources for remittances are Kenya, the United Kingdom, the United States of America, South Sudan, and Rwanda. This is according to a ranking that aims to map the flow of such money transfers between individual countries (Statista, 2024).

1.3 A View of Uganda's Remittance Sources

The value of remittances sent to Uganda in 2021, were slightly higher than remittances sent from Uganda to other countries as per the below statistics (Statista, 2024). It is noted that most of the remittance transfers are coming from Kenya a neighbouring country to the East of Uganda.

The value of remittances sent from and towards Uganda from other countries or territories worldwide in 2021 (in million U.S. dollars) is shown below.

Figure 2: Top Countries Sending and Receiving from Uganda in USD Millions

Destination territory/territory of origin	Remittances sent from Uganda	Remittances sent towards Uganda
WORLD	843.58	1,082.74
South Sudan	356.59	144.67
Democratic Republic of the Congo	189.53	5.7
Kenya	154.48	321.24
Rwanda	45.56	89.2
Sudan	24.26	1.84
Tanzania	21.47	4.35
Somalia	17.64	0
India	12.25	54.11
Pakistan	3.58	0
Burundi	3.49	1.01
France	3.02	1.53
United States	1.86	177.33

Source: Statista (2022).

This research will focus on SMEs that have grown because of receiving money from abroad and how the growth of remittances has a key role to play in these phenomena. A question may be asked. Are SMEs important to Uganda's economy? SMEs are very important for the labour market in Uganda. 99.8 percent of all enterprises in Uganda fall into the SME segment (International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG), 2021). They create more than 80 percent of all the non-financial business economy, and these include farms, private schools, clinics and hospitals, housing and accommodation rentals, hotels, and restaurants to mention but a few (Uganda Bureau of Statistics, 2024 and Kisubi *et al.*, 2022). According to the World Bank (2024), Uganda had a lower

Short-Term Economic Risk Index score and real GDP growth too slow from 2.1 percent in 2022 to 1.6 percent in 2023. However, there was still a positive outlook on the country for its economic development in the long term. In 2021, there was a great increase in the financial sector of the country due to the inflow of remittances from neighbouring countries and states abroad (Statista, 2022).

1.4 The Research Questions

The research objectives and purposes for this study are clearly outlined and specified by the below three questions and statements, that will help with making the findings more relevant and easier to apply. The objectives were fully achieved by using the inductive method of research to make the data more impactful and useful to other researchers. This same principle was adopted by Mugoda and Dyubhele (2022) and Kisubi *et al.* (2022).

Below are the questions to be researched to ensure that detailed in-depth research is done on remittances and their impact on SMEs in Uganda: The main questions are:

- a) What is the role of remittances in small and medium sized enterprises' (SMEs') growth in Uganda?

The subsequent questions that emerge from the study are:

- i) What impact do government policies on remittances have on the performance of SMEs in Uganda?
- ii) What is the role of financial players and other organisations and the impact of their collaboration on remittance growth in Uganda?

First, the research investigates the impact of remittances on SMEs' growth in Uganda and the role that government policies, financial institutions and other organisations play in support of SMEs' growth in Uganda. Lastly, the study seeks to suggest future policies for increasing remittance growth and reducing the barriers to SME growth in Uganda.

1.4.1 Research Aims/Objectives

The research has four aims, and these are created to help the researcher get the right responses to the interview questions posed to the participants. They are the guide for the research, and they lead to further studies on the topic should any new finding come out of the research. Below are the aims of this research:

1. To investigate the role that remittances play in SMEs' growth in Uganda.
2. To investigate the impact that government policies have on remittances and SME growth in Uganda.
3. Explore the role of financial players and other organisations and the impact of their collaboration on remittance growth in Uganda.
4. Suggest future policies for facilitating the growth of remittances and SMEs in Uganda.

This research has chapter one, that has the introduction of the topic, the research questions and research aim, chapter two that has the literature review of different scholars in relation to the subject area, the methodology in chapter three, the findings and analysis are in chapter four and finally, the conclusion and recommendations are in chapter five. Below is a brief detail of what is found in each of the chapters.

In Chapter one, a background on Remittances, SMEs, and their importance, are explained as viewed by different scholars, the research questions and aims of the study are also stated herein. The role of remittances in facilitating SMEs growth in Uganda and detailed explanation of the same are found here and in other chapters of the research.

Furthermore, Chapter two has the Literature Review that explicitly states what existing research exhibits. Academic documents were also used to gather insights on the SME growth in Uganda (Kisubi *et al.*, 2022). This research will focus on relating the

existing work on remittances to the growth of SMEs in Uganda (Nyeadi *et al.*, 2022), Kisubi *et al.* (2022) and Muyengera and Matsumoto (2016).

In Chapter three, the Methodology, Design, and Approach are contained, outlining how the research was conducted, using a qualitative approach that had in-depth interviews with four SME owners, three government officials and three key players from the telecommunications, banks, and charities in Uganda (Mulatu, 2021; Mwesige, 2024). The participants were selected using stratified random sampling and consent to participate in the research was obtained electronically. Protection, confidentiality, and privacy of the participants was done using the data protection policy of Uganda, and finally the data was collected, analysed, and used responsibly Grant Thornton (2022).

Key in any research done are the findings. In Chapter four, the Findings and Analysis that show that remittances play a crucial role in the economic development of Uganda are explained. Here the factors that hinder remittances growth such as government policies, lack of collaboration within the financial organisations and poor systems in place, that limit SME growth in the country are also found.

Finally, Chapter five states out the conclusion and recommendations as per the research findings and the future focus for the research on remittances. It is noted that further research is required on the government policies, as they play a major role in the growth of remittances, and regulating of financial players which also leads to the growth of SMEs.

Conclusion

This study shows that there are many Ugandans currently going abroad especially in Asian countries such as Qatar, Oman, Jordan, and United Arab Emirates since 2022 to do basic jobs like cleaning homes, security personnel and restaurant aides to help support their families back home (United Nations, 2013) and IOM (2015).

The migrants leave because of lack of jobs and poor pay for basic jobs in Uganda (United Nations Development Programme, 2022). Statistics show that a huge number

of them send back most of their pay to support the children they left in the country, investment for retirement and to startup personal businesses. The study then seeks to confirm this reality in the literature review that follows and create a platform for better laws to protect and govern the migrants' funds and investments hence the growth of SMEs in Uganda.

Chapter Two

2.1 Literature Review

2.1.1 Introduction

The literature review is one of the most important aspects of the research as it strengthens the findings from the papers read as part of building a deeper understanding of the topic in a structured way (Saunders *et al.*, 2019).

The aim of this literature review is to assess, critically examine, and interpret the existing information that relates to the study being carried out. It investigates other scholars' literature and the role or importance of remittances on SME growth (Scotland, 2012). The literature reviewed also highlights the role that government plays in enhancing remittance growth in Uganda, and it explains how key financial players contribute to this aspect and the growth of SMEs as sub-sections (Ratha and Mohapatra, 2007).

In this chapter, various concepts come into play and many facts are discussed as reviewed by the different researchers Taylor and Medina (2013) and Zerihun (2021). The key questions that have arisen in the past couple of years, have led to this research and these are: Do remittances play a significant role in the growth of businesses, especially SMEs? What role do governments play to enhance this growth? And, what key role do financial institutions like banks, telecom transfer subsidiaries, investment companies have in making this a reality? (Kisubi *et al.*, 2022; International Fund for Agricultural Development (IFAD), 2021; Adams and Page, 2005).

The research done also included reading existing literature such as: textbooks, journals, case studies and other forms of data storage sources that are available and accessible to gather insights on the subject (Saunders *et al.*, 2019; Ridley, 2012; Thomas and Harden, 2008). These include online resources on the research done by other scholars on government policies and other financial organizations like the World Bank, on the impact of remittances on the development of developing countries (Adams and Page, 2005). It is argued that there are growing numbers of migrants from developing countries, and these have led to the growth of remittances in Africa

(Nyeadi *et al.*, 2022; International Monetary Fund, 2024 and Ratha, 2013). Various themes came out the literature reviewed as key roles of remittances in the growth of SMEs in Uganda, and these are mentioned below.

2.2 Eradication of Poverty

According to (the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022), the International Fund for Agricultural Development (IFAD), is an agency of the United Nations, that focuses on the reduction of poverty and hunger in developing countries. In Uganda, IFAD is focusing on the importance of remittances in eradicating poverty (the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022). It works closely with the leading entities such as government agencies, telecoms, and NGOs to support SME growth (the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022). Muyengera and Matsumoto (2016) agree with the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022) as they highlight that poverty is the major cause of Africa's problems. Families that are in poverty can hardly have a nutritious meal a day nor afford education, medical facilities, and other basic needs such as clothing and transportation. Ratha and Mohapatra (2007) confirm that remittances help to solve these problems often though, investments take a longer time to build in such backgrounds. They continue to state that remittances are used for payments of imports and exports, housing, and healthcare Mugoda and Dyubhele (2022).

2.3 Economic Development

The researched literature shows that remittances have a significant impact on the economic development of countries receiving inflows from the diaspora (Kisubi *et al.*, 2022). Several studies conducted in other countries have shown that remittances can improve access to finance for SMEs. A study conducted by Nyeadi *et al.* (2022) found out that remittance inflows positively impacted business investment, with a 10% increment in remittances received leading to a 1% increase in investment in various sectors. International Monetary Fund (2024) carried out a study that confirmed the

importance of remittances in developing countries that agrees with Nyeadu *et al.* (2022). Similarly, a study by Muyengera and Matsumoto (2016) state that remittances promote the formation of new SMEs, and 25% of homesteads receiving remittances plan to start a business soon. Further research done confirms that there are many immigrants that have SMEs in their countries of origin, and most of them send funds home to support these businesses (IMF and Ratha, 2024). Some support their family businesses or those of close relatives and friends mentions (Muyengera and Matsumoto, 2016; International Monetary Fund, 2024 and World Bank, 2024). The significance and impact that remittances have on the economic growth of businesses especially SMEs in Uganda is huge hence the basis of this research. Ur Rehman and Hysa (2021) mention that there is a relationship between remittances and economic development in various countries. On the contrary, Ojede, Lam, and Okot (2019) state that the foreign exchange rates affect the Uganda Shilling, and this has mainly contributed to the drop of remittances from abroad especially for the United States Dollar. This has negatively impacted the migrants' funds to friends and family (remittances) and their impact on the growth of their businesses back in their countries of origin, specifically Uganda (Harney, 2021; Ratha, 2013; Adams and Page, 2005). The research highlights that remittances are a great source for startup capital that encourages entrepreneurship (Mugoda and Dyubhele, 2022).

2.4 International Relationship Enhancement

The research also shows that remittances improve the relationship of foreign countries that send funds from their diaspora organisations, that is, donors' money from the various charity organisations (Mwesige, 2024). According to Save the Children (2024) and Mwesige (2024), many charities cannot stand, survive, or exist without donor money. It is also argued by Ojede *et al.* (2019) that famine in Uganda has led to many project startups and being supported by countries abroad to save lives. This is because they drive the agenda of their leaders in the diaspora and are created to meet a given need or cause for example clean water in poverty impoverished villages such as Karamoja, in Uganda for Save the Children (Save the Children, 2024). It is further noted from the research that, there are hinderances to

the growth of remittances in Uganda and other developing African countries and these are discussed below.

2.5 High Transfer Costs/Fees

Remittances lift people out of poverty. However, the transfer costs or fees are high, and this limits the migrants from sending money to their home countries as often as they should (Mulatu, 2021). The fees are a hinderance of development and prohibit people from having a better lifestyle if not controlled, monitored, and governed by the sending and receiving countries' central banks or financial institutions (Kisubi *et al.*, 2022).

2.6 Failure to Curb Informal Remittance Channels

Some remittances get to their final recipient through informal channels such Peer-to-Peer movements because of high costs and fees mentioned above (International Money Fund, 2023). This has led to hinderance of such remittances' registration by the government and an opportunity for transfer fees is lost for SMEs that are in the money transfer business such as fintechs (World Bank, 2024).

The research continued to highlight the role of other players, and these are discussed in the following subsequent questions below in this study.

2.7. Banks, Telecommunications, and Other Institutions as Intermediaries

2.7.1 Introduction

There are several factors considered to prove there is growth of remittances in any country. The research carried out highlights the key actions that need to be done or implemented for remittances to grow in Uganda. It is also seen that there should be good collaboration between the sending and receiving countries (Ratha, 2013a). For this study, research done on banks, and how the funds or inflows received from the diaspora have been impactful in the growth of SMEs or family businesses in Uganda is seen below.

2.7.2 Business Growth and Expansion

The Kenya-based bank, NCBA that is also in Uganda, expanded its Financial Technology (Fintech) services to Ghana, South Sudan, Nigeria, Somalia, Ethiopia, Cameroon, and the Democratic Republic of the Congo because of having a high influx of remittances in those countries (BMI: A Fitch Solutions Company, 2024). This enhanced the sending and receiving of money across the bank's footprint, and in due course enabled its customers' business growth across the region (BMI: A Fitch Solutions Company, 2024). This is a great example of investor activity in the region, in the banking sector that confirms a similar observation that remittances support SME growth (Nyeadi *et al.*, 2022).

The researchers also looked at the receiving countries mentioned above and how they have been able to invest and grow the funds they receive from the diaspora, to grow their income for household basic needs and businesses in comparison to Uganda and it was discovered that the same principle of remittances boosts investments applied to them as well (Ojede *et al.*, 2019; Gupta, Pattillo and Wagh 2007). International Monetary Fund (2024) mentions that banks use remittances as collateral through overseas financing. They are also used by banks and other financial institutions to service debt (Ratha, 2013a) and Zerihun(2021).

2.7.3 Creation of Innovative Financial Products

According to Ratha (2013a), the collaboration in the financial institutions that transfer these funds is a key prerequisite to the growth of remittances. The lack of mutual understanding will lead to heavy fees for the remitter and, hence, lead to reduced sending of money back to their home countries eventually (Nyeadi *et al.*, 2022).

Today, there is collaboration between some banks, telecommunication companies, financial technology (Fintech) companies, and money transfer organizations (MTOs) to ensure smooth movement of funds across the various borders of the world in developed countries but this is still far-fetched for most African countries apart from those banks that have subsidiaries in Africa (Nyeadi *et al.*, 2022; Financial Intelligence Authority, 2024; Muyengera and Matsumoto, 2016). Integrated payment platforms have been formed to encourage seamless movement of movement across the world (World Bank, 2024). With the above statement, this research provided a basis that led to an inductive process and outputs as there is real-time information and data from

which the research will be carried out denotes Ratha (2013). That said, collaboration in all key segments with potential players in the remittance sector plays a distinguished role in ensuring that SMEs grow, as we will see in detail, in this research. This is also a true finding as per the scholars researched in this proposal and subject matter. According to Adams and Page (2003; 2005), the results corroborate with Ratha (2007) assertion that, entities, that collaborate in the financial sector tend to have similar fees, hence, encouraging their customers to use them as preferred alternatives to receive remittances from the diaspora (Kisubi *et al.*, 2022).

2.7.4 Creation of Investment Opportunities

It is noted that the inflows of remittances have also led to the development and startup of investment funds, clubs, and organisations such as those in the sector of insurance, with UAP, Sanlam and Liberty having the biggest market shares in the country (Uganda Bureau of Statistics, 2024). Muyengera and Matsumoto (2016) confirm that these organisations started with investor funds from the diaspora such as Sanlam originating from South Africa and many others from the United Kingdom and United States.

2.7.4.1 Case Study: Financial Technology (Fintech) companies broke away from the leading telecommunication companies in Uganda, that is: Airtel Mobile Commerce Uganda Limited and MTN Mobile Money Uganda Limited in 2022 to form financial institutions that govern and monitor the moving of money over mobile telephones through the Peer to Peer (P2P) transfer mode (BMI: A Fitch Solutions Company, 2024).

2.8 Government and Policies in Facilitating Remittance

2.8.1 Introduction

A government is the ruling body of a nation (United Nations, 2022). They are usually led by a head of state or monarch. The government of Uganda is democratic, and most laws and policies are voted into existence as Acts by the parliament of Uganda (Bank of Uganda, 2023). It is noted that the Ministry of Finance and Central Bank govern the monetary policies in the Republic of Uganda (World Bank, 2024).

2.8.2 Policy Implementation

The Bank of Uganda (BoU, 2024) implemented the Payment Service Provider (PSP) license and law to regulate mobile money movement in Uganda in 2021. It was researched and evidenced that the breakaway of MTN Mobile Money and Airtel Money as key financial entities in the Mobile Money Market led to the growth of remittances and SMEs in form of Fintechs that were regulated by the Central Bank, and a new act put in place to govern the companies in 2021 (BMI: A Fitch Solutions Company, 2024).

Nyeadi *et al.* (2022) state that countries like Ghana have seen a significant impact in the way businesses are run in various sectors due to the government policies in place. Government policies can either empower or limit the way businesses grow or expand depending on the support they give SME owners (Ratha, 2007). There is not much business owners can do to grow their entities if they are not empowered by the government argues Kisubi *et al.* (2022). Below is a case that showed empowerment of the telecoms in Uganda to startup financial entities in form of fintechs to encourage mobile money growth in the economy (BMI: A Fitch Solutions Company, 2024).

2.8.3. Policy Enforcement and Measurement

Adams and Page (2005) denote that a risk-based approach to regulation, that involves checking only suspicious transactions and exempting small transactions that are less than \$1,000 from identity requirements can boost remittance transfers and increase flows. Setting up of government approved tiered fees and negotiating the same with financial institutions for implication is key in promoting remittances mentions Kisubi *et al.* (2022). It is discovered that high transaction costs hardly impact large remittances that are especially for the purpose of investment, aid, and trade as a percentage of the principal amount denote Ratha (2007). This is because they are still huge amounts, and famous international banks are zealous to compete for remittances for large amounts.

In most cases, smaller remittances are sent back home by immigrants, and these are usually less than USD 200 (International Monetary Fund, 2024). According to the World Bank (2024), it is argued that these are sent by bottom of the pyramid persons and cannot impact SME growth as they are used immediately upon receipt. The funds

are usually for domestic errands like school fees, medical facilitation to mention but a few (United Nations Development Programme, 2022). Ojede *et al.* (2019) also mention that low earning migrants sending fees typically average 7 percent and can be as high as 15 to 20 percent in smaller migration corridors agrees Adams and Page (2005).

2.8.4 Conclusion

From the literature researched, it was confirmed from most of the scholars that SMEs are dependent on remittances to grow, though a few tend to differ from this narrative (Muyengera and Matsumoto, 2016; Ur Rehman and Hysa (2021). The literature review is where the facts are gathered that lead to the research to be done, and it also conceptualises the findings confirms both (Adams and Page, 2005; Saunders *et al.*, 2019). The two case studies highlighted in this literature review are true testaments of the power of funding and remittances in the growth of SMEs in Uganda. The three, companies, that is, MTN Mobile Money Uganda Limited, Airtel Mobile Commerce Uganda Limited and BRAC Uganda Bank Limited have since grown and out passed the term SME in Uganda and are now independent companies.

The literature review led into the Inductive research methodology to be used for this research as it was found to be effective (Ratha, 2013b). Nyeadi *et al.* (2022) used the qualitative approach of research because the results were accurate and well detailed.

Chapter Three

Research Methodology

3.1 Introduction

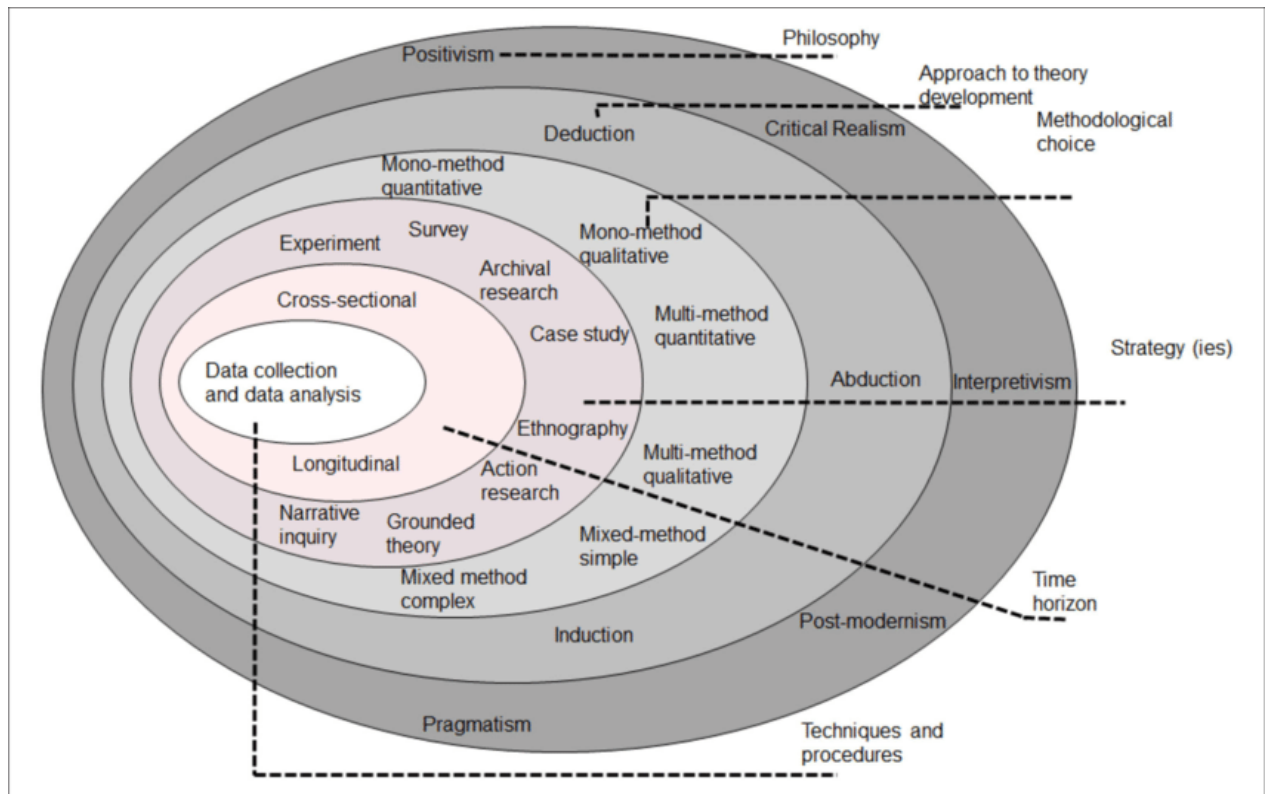
According to Saunders *et al.* (2019), methodologies are the different practices that are used to achieve knowledge. The methodology used for research also helps to drive the beliefs held to get meaning and purpose (Krauss, 2005).

The research methodology is helpful in composing the structure of the research, as it gives the researcher what strategy, design, and approach to use to analyse data (Thomas and Harden, 2008). This study adopted Saunders' research onion method of research.

3.2 Saunders' Research Onion

Saunders *et al.* (2019) developed a step-by-step guide that helps researchers come up with a methodology known as Saunders' Research Onion. The different steps are referred to as layers that must be used to get to the core of your research (Saunders *et al.*, 2019). Saunders' Research Onion has six layers that are: the Research Philosophy, Research Approach, Research Strategies, Time Frame Techniques, Choices for Research or Techniques and Procedures (Saunders *et al.*, 2019).

Figure 3: Saunders' Research onion



Source: (Saunders *et al.*, 2019, p. 108).

Below are how these steps were used in this study.

3.2.1 Research Philosophy

According to (Saunders *et al.*, 2019), a philosophy is a way of thinking that a researcher uses to develop the research (Birks and Mills, 2014). There are different philosophies, and these include interpretivism, positivism and pragmatism.

For this study, the interpretivism philosophy shall be used for the research. This is because it helps the researcher to engage with the participants in a direct way, which gives them an assurance that their information shall not be misused, it also builds trust between them unlike positivism which is more scientific and hardly applies the social aspects of research. (Maguire and Delahunt, 2017).

3.2.2 Research Approach

Saunders *et al.*, (2019) state in the Research Onion, that a research approach can either be inductive or deductive. The choice of the researcher is dependent on what they aim to achieve, what they believe works best for the research topic and their choices of approach as both theories have limitations (Mills and Birks, 2014).

The inductive approach shall be employed for this research as it gives room for the researcher to develop a hypothesis from the research done, whereas the deductive one moves from a generic perception to a specific one (Scotland, 2012; Taylor and Medina, 2013). The inductive approach's results are more accurate as they physically involve the researcher in the study. It is upon these attributes that this research adopted the inductive approach.

3.2.3 Research Strategy

Research strategies clarify the nature of the data that is to be collected and the techniques used to analyse it, so that it can answer the research questions (Saunders et al., 2019).

There are different forms of research strategies, and these include the Experimental research, Action research, Case study research, Grounded theory, Ethnography, Archival research according to Saunderson's research onion (Saunders et al., 2019). This research used the In-depth Interviews that were conducted via online interface on Google Meet, Zoom and Microsoft Teams Meetings.

3.2.4 Research Choices

The next layer of the research onion is called Choices. In this layer, it is where the researcher determines how many data types of either the Qualitative or Quantitative they would like to use in their research. The Research Choices have three options, and these include the Mono, Mixed, and Multi-method. In this research, the Mono method was adopted because it helps the participants understand the questions asked to their best knowledge which involved the qualitative choice.

3.2.5 Qualitative Choice

Most important to note, is that the importance of remittances has been studied using the qualitative method of the research by other scholars as it probes more into the interviewee's thoughts and actions (Nyeadi *et al.*, 2022 and Kisubi *et al.*, 2022). The option used is Mono and this is because it is accurate and tends to give the researcher more flexibility to change the questions to address the gaps in the study of interest (Saunders *et al.*, 2019 and Ridley, 2012). It also allows for future research topics to emerge and hence a source for future recommendations Taylor and Medina (2013). This research choice the qualitative approach because of the benefits mentioned above.

3.2.6 Methods used by the different researchers that aided this study's Choice.

According to Krauss (2005) and Taylor and Medina (2013), unlike positivism and realism, interpretive philosophy emphasizes the usage of qualitative research analysis over statistical analysis or quantitative analysis to get the final outcomes. The researchers who follow this philosophical stance can be observed playing a vital role in interpreting the gathered data and making sense out of it (Ridley, 2012). Thus, it is said that interpretivism successfully recognizes the difference among people as it entails the researcher getting into the community of the people, they want information from and being part of it (Saunders *et al.*, 2019). It is also noted by Kisubi *et al.* (2022) that interpretive philosophy was preferred because it incorporates a human interest in a research study.

Zerihun (2021) argues that the qualitative method is best to use for this study, just like his, as it seeks to bridge the gap between remittances growth and its impact on the development of SMEs in Uganda. The study shows the findings from interviewing ten interviewees, and these include: SMEs owners in the various economic sectors in Uganda, bank officers and government leaders. This was used by Kisubi *et al.* (2022), Zerihun (2021) and Ojede *et al.* (2019).

The research employed a qualitative method approach of research (Saunders *et al.*, 2019; Ridley, 2012). It is, however, noted that combining both quantitative and qualitative data collection methods would give a more detailed research as most individual users of remittances would rather remain anonymous for fear of their personal details and information being known by researchers (Ratha, 2013b; Scotland, 2012; Taylor and Medina, 2013).

The research approaches vary from different scholars; however, they all show the same finds (Scotland, 2012). According to Kisubi *et al.* (2022), the research done falls under the interpretive paradigm; Ojede *et al.* (2019) used the inductive approach; and Adams and Page (2005) appreciated the deductive approach as it seemed to bring out the findings more than any other approach.

Also, the Data Protection Laws of Uganda entail that consumers' information remains anonymous unless granted consent from the owners hence the use of the qualitative approach of research (Grant Thornton, 2021).

In this regard, Zerihun (2021) used the qualitative method where the respondents were asked about three questions based on remittances and economic growth, and they were assessed via the questionnaire method. It is not known whether their responses were correct or incorrect which is a limitation for this format of research (Saunders *et al.*, 2019; Ridley, 2012). Alternatively, Kisubi *et al.* (2022) conducted a research study using the qualitative methodology and this entailed a case study approach. It is in this regard that the literature reviewed supports the qualitative method of research as it is more accurate and involving for all parties (Price *et al.*, 2017).

3.2.7 Justification for the Approach used.

The best suited approach for this study is the inductive approach (Saunders *et al.*, 2019; Ridley, 2012).

The justification for this approach is that the qualitative method can provide accurate and informed results regarding the importance of government in policy making (Kisubi *et al.*, 2022; Zerihun, 2021). In the case of the quantitative method, the information from government officials and key financial players could be more irrational and, hence, can lead to more chances of inaccuracy which is why this study adopts the inductive approach (Adams and Page, 2005).

3.2.8 Time Horizons

This is when the research establishes a timeframe in which the research project was done (Ridley, 2012) and it also includes when data shall be collected, analysed, and reported (Saunders *et al.*, 2019). These include both the cross sectional and longitudinal time horizons (Scotland, 2012). The cross-sectional time frame was used for this research because of the limited period given to carry out a study yet the researcher had to gather information from the participants of the study in person.

3.2.9 Research Techniques and Procedures

Under Research Techniques and Procedures, we have three main stages, and these include the data collection and data analysis techniques and sampling methods used for the research (Saunders *et al.*, 2019)

3.2.10 Data Collection and Analysis

When a hypothesis is developed, data is collected, and its analysis is done. After findings are achieved from the analysis, a theory is developed (Ridley, 2012). In the deductive approach, it is noted that an already developed theory is tested and the hypothesis is then formed. Thereafter, data collection is carried out in a real setting (Saunders *et al.*, 2019).

3.2.11 Theoretical Framework

A theoretical framework is a groundwork review of theories in place that serves as a roadmap for developing the arguments a researcher uses in study (Krauss, 2005).

There are various methods of data collection in qualitative research, that is phenomenological research, grounded theory, case studies and ethnography. For this research, the Phenomenological method of data collection was used to carry out the research (Saunders *et al.*, 2019).

3.2.12 Phenomenological Method of Research

The phenomenological method of research is a qualitative method for collecting data that is often used in in-depth interviews where many individuals are asked questions to find out common themes from them Maguire and Delahunt (2017). In this method, the data is collected mainly through in-depth interviews, Ridley (2012). Thereafter themes and conclusions can be drawn from the participants' feedback (Scotland, 2012).

3.2.13 Face to Face Interviews

The raw data in this research was collected using a face-to-face interview, where questions are formulated and asked to the various segments of respondents (Saunders *et al.*, 2019). This data collected from the respondents includes the participant's job, profession, and age. Once the answers to the different questions formulated are given via online interface interviews by the respondents in the different sectors, the next stage was to determine which ones are sensitive and various codes were used for this so that there is no breach of trust of the interviewees (Grant Thornton, 2021). This helped answer the research question which is concerned

with determining the role that remittances play in the support of SMEs growth in Uganda as later seen in this study. Face to face interviews were done with ten (10) participants that meet a variety of cross sections of SMEs and data was collected from the various sectors of the country. These were conducted via online platforms, through online Meetings using Microsoft Teams and Zoom meetings. This sample size from the economy was selected using stratified random sampling to ensure representation of various sectors and enriched data collection (Saunders *et al.*, 2019). It is critical to note that the face-to-face interviews helped in the gathering of information from SMEs on their financial requirements, where their funding basically comes from the normal day to day carrying out of their businesses, and the various sources of funding they have access to (Thomas and Harden, 2008). The face-to-face interviews provide accurate information, and they also create trust for the participants that their information will not be misused (Saunders *et al.*, 2019). This is because the consent is received from the participants in person, to use their information and once abused, they know how to contact the researcher (Ridley, 2012). This is because face-to-face interviews ensure safety of information and build trust between the interviewer and the correspondent or interviewee (Ridley, 2012).

3.3 Sampling Methods

Sampling is that action of taking a specific part of the population and selecting a sample that represents them. Sampling methods include random sampling, stratified random sampling, or convenience sampling.

3.3.1 Stratified Random Sampling

Stratified random sampling is a method of sampling that entails separating a portion of population into smaller groups or subgroups called as strata (Hayes, 2024). Stratified random sampling is also called proportional random sampling or quota random sampling (Saunders *et al.*, 2019). Furthermore, in stratified random sampling can also be referred to as stratification (Ridley, 2012). The strata are formed based on members' shared qualities and characteristics, and these include educational level, jobs done and income (Hayes, 2024). Stratified random sampling has many benefits

and these include studying population demographics and life achievement (Saunders *et al.*, 2019). Stratified random sampling involves dividing the entire population into homogeneous groups called strata (stratum) (Ridley, 2012). Random samples are then selected from each stratum. For example, considering the academic level of the interviewees who are answering main question on the role of remittances on SMEs growth in Uganda by being specific for example, who is a graduate? Who has an SME business receiving money from the diaspora? (Kisubi *et al.*, 2022). In this research, the participant groups were chosen using stratified random sampling because it represents the larger population of Uganda and does not require a lot of resources to achieve the right results (Hayes, 2024). The existing literature does not highlight gender as a main determinant for sending remittances and as such, there were no biases in gathering the information (Cote, 2021; Saunders *et al.*, 2019). Below are the reasons for using stratified random sampling.

3.3.2 Justification for Using Stratified Random Sampling

No Biases

Stratified random sampling takes note of key population qualities and characteristics in the sample. Stratified random sampling is useful in populations with many attributes, however, it is not ineffective if there are no subgroups made (Zerihun, 2021).

Accuracy

Stratification shows less errors and can be used in estimation. It is precise compared to the simple random sampling method. It is confirmed that the more the differences of the strata, the greater the results in precision (Saunders *et al.*, 2019).

Protection and Privacy of Participants

The sensitivity of the research as it involves critiquing the laws and policies in place could be done with a face-to-face interview online as the information given is a representation of the government of Uganda (Kisubi *et al.*, 2022; Nyeadi *et al.*, 2022). According to Ridley (2012), accurate information can only be given and built on the trust and the relationship the correspondent has with the researcher (Price *et al.*, 2017). Kisubi *et al.* (2022) and Ojede *et al.* (2019) both state that research on the

remittance statistics from the government of Uganda and other key organizations that are stakeholders in the inflows of funds from the diaspora, for example, telecommunications, banks, forex bureaus and charities entail a level of personal involvement to attain accurate information. This is because face-to-face interviews ensure safety of information and build trust between the interviewer and the correspondent or interviewee (Ridley, 2012).

3.4 Research Design

There are a couple of research designs, namely, observational, survey, case study, experimental, and longitudinal designs (Saunders *et al.*, 2019; Scotland, 2012). They are all made for different research questions and objectives. In this study, we employed in-depth interviews via the online interface that were face-to-face meetings in nature, because the respondents were in Uganda, which has a different time zone of Greenwich Mean Time (GMT) +3, and the topic of research is sensitive as it includes the government officials (Ojede *et al.*, 2019). A well-structured research design is important as it helps ensure the accuracy, reliability, and correct information of the research findings (Krauss, 2005). This helps the researcher to get insightful knowledge and draw conclusions that contribute to their field of study (Muyengera and Matsumoto, 2016).

3.4.1 Research Design Process

The research design process was organized in three stages:

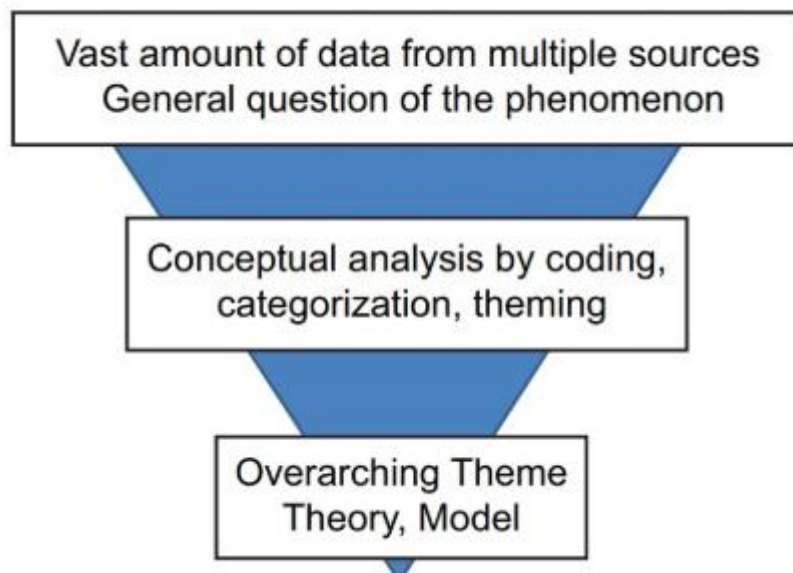
Stage 1: The review of literature on remittances and their importance on SME growth in Uganda and other developing African countries. The research aimed to find out the impact that government policies have on remittances and SME growth in Uganda. The literature consulted highlighted insights on the roles of government in Africa especially those that need to be put in place regarding remittances' growth and provided a good background for the participants' questions laid out for this research.

Stage 2: This second stage involved carrying out in-depth interviews with active SMEs owners, government officials and financial officers in banks, telecommunication companies and charities to gather their perspective on the role of remittances in the

growth of SMEs in Uganda. Further still, to probe into the impact of their collaboration and people in the sectors that handle remittances and benefit from their inflow. When carrying out the study, exploratory interviews were used as they give the best answers especially to the sensitive questions on the legislation on money in the country (Ridley, 2017). A list of relevant semi-structured interview questions was designed to go along the research aims and objectives (Saunders *et al.*, 2019). This was to ensure that no step of the questions missed its objective. Thomas and Harden (2008). created via the literature review and paired against the research question/objectives. Ridley (2012) stated that using this approach of matching the questions to the objectives gives more detailed answers and brings out more themes that could encourage further research in the future.

Stage 3: There was testing of the questions drafted before taking them to the actual participants. This was done using a pilot in-depth interview, to make sure that no step was missed and that all that the objectives are well represented. Finally, the questions were taken to the relevant participants of the study.

Figure 3: **Research Design Processes**



Source: Research

Figure 4 Research Design Steps



Source: Ridley, 2016

3.5 Methodology Limitations

Biased Information

The qualitative method has several limitations, and these include the bias of information from respondents (Krauss, 2005; Taylor and Medina (2013). We all have different perspectives and perceptions of how we view and interpret experiences (Ridley, 2012). It is one's understanding versus the others. All this can be misleading if the research does not critically analyse the research carried out (Adams and Page, 2005).

Illiteracy

According to (Saunders *et al.*, 2019) literacy levels of respondents on the subject matter could also hinder the research methodology, as the questions asked to the different individuals could be misinterpreted or not understood due to language barriers. This is especially for the illiterate respondents that did not go to school like the peasant farmers deep in the villages that get funds from family members in the diaspora to support their businesses (Muyengera and Matsumoto, 2016).

Protection and Privacy

Fear of disclosure of the respondents' facts such as age, workplace, nature of business due to lack of trust is common in this method of research. This is mainly because the respondents are only interacting with you once and do not trust that the information collected shall not be misused.

Loss of Trust

For the government officials, even as they prefer the qualitative method of research to build trust, they do hold back some sensitive information in fear of being known and expelled from office for disclosure of state 'secrets' (Kisubi *et al.*, 2022).

Competition amongst Financial Players

For this research, several financial institutions were consulted. The banks, telecoms and insurance companies are all in competition for the senders' funds (Adams and Page, 2005). It is noted that using the qualitative method of research that is not anonymous, most of them present themselves as the best and downplay the other players in the sector (Ojede *et al.*, 2019). They are also competitive within themselves therefore hindering market growth as they are competitive for the price of sending fees (Mugoda and Dyubhele (2022).

3.6 Conclusion

It is important to hold in-depth interviews with key government stakeholders, policy makers in the financial industry including remitters and SME owners, because they trust that the information gathered will not be misused (Kisubi *et al.*, 2022). However, to hold effective meetings, one must be patient with the participants as their scheduled meetings keep changing due to other commitments. The researcher must be persistent and determined to carry out interviews with government officials to get deeper insights and facts that contribute to the successful use of remittances for SME development Nyead *et al.* (2022).

Chapter Four:

Findings and Analysis

4.1 Introduction

The research was done using in-depth online interviews that were semi-structured in nature. This is because semi-structured interviews give accurate answers, make the participant more social and interactive, as they can contribute or give their ideas freely compared to the other sets of interviews. Before the interviews were carried out, the participants were sent the questions in advance and a pilot interview was held with them, to help answer any queries and to have ethical consent of the research. A written guide formulated and used by the researcher to make sure that all topics of the study are covered, and that no breach of the ethical guides was done.

Table 1: **Demographics data of the interviewed persons**

Interviewee (Not real name)	Education Level	Age Range (years)	Job	Location in Uganda
Sarah Musoke	Graduate	20-30	Boutique Owner	Kampala (Capital City)
Tim Tinka	Non	50-60	Peasant	Wakiso (Central)
Carol Luwumu	Master's	30-40	Banker	Mukono (Central)
Jeff Tempa	Graduate	50-60	Head Teacher – High School (Fees)	Gulu (Northern)
Justus Ekanya	Master's	30-40	Accountant - Revenue Authority	Busia (Eastern - Border next to Kenya)
Sheila Karungi	Master's	40-50	Council in Finance	Kampala (Capital City)
Henry Kakama	Graduate	30-40	Bank of Uganda	Kampala (Capital City)
Julius Geber	Graduate	40-50	IFAD Representative	Kampala (Capital City)
Twine Herbert	High School	60-70	Farmer	Mbarara (Western)
Jingo Baker	Graduate	20-30	Forex Bureau Manager	Masaka (South)

Saunders *et al.* (2019) state most of the qualitative analysis techniques, include thematic analysis, sentiment analysis, narrative analysis, and cognitive mapping. This research zeroed on the thematic analysis, which undertakes three main stages as explained by (Thomas and Harden, 2008).

4.2 Thematic analysis

Thematic analysis is a qualitative research method for analysing data that entails searching across a data set to identify, analyse, and report information (Saunders *et al.*, 2019). Thematic analysis is used to analyse qualitative data relating to feelings, thoughts and opinions, and other descriptive information (Ridley, 2012; Scotland, 2012). The other form of data analysis is the **thematic synthesis** which has three stages: These include the coding of text 'line-by-line'; the development of '**descriptive themes**'; and the generation of 'analytical' that are used in quantitative research (Saunders *et al.*, 2019).

Saunders *et al.* (2019) state most of the qualitative analysis techniques, including thematic analysis, sentiment analysis, narrative analysis, and cognitive mapping. This research zeroed on the thematic analysis, which undertakes three main stages as explained by (Thomas and Harden, 2008).

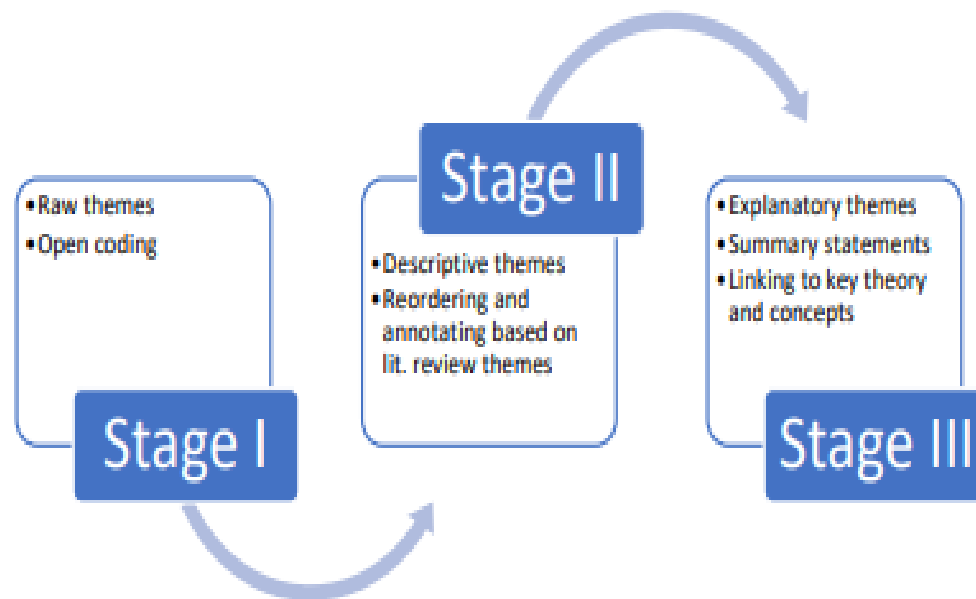
4.3 Data Analysis stages

The **First stage** focuses on raw themes and open coding of the data. This is also known as the **Finding stage** in other terms (Thomas and Harden, 2008). In this stage, different articles were researched that led to the choosing of the qualitative research as the best method for this study as articulated by Nyeadi *et al.* (2022), Zerihun (2021) and Saunders *et al.*, (2019) and they state sensitive information can only be attained by immersing yourself in the study and being part of the community engaged (Kisubi *et al.*, 2022). In the **Second stage**, we find descriptive themes that involves the putting data of the same category together. It also involves reordering and explaining of findings from your study based on the literature reviewed in this research (Saunders *et al.*, 2019; Taylor and Medina, 2013). Finally, Thomas and Harden (2008), Ridley

(2012) and Price *et al.* (2017) state that the **Third Stage** is where a detailed explanation is made for the findings from the different themes, and conclusions are based linking them to the themes, theories and concepts used in the literature review.

Figure 4: Data Analysis stages.

Three Stages of Data Analysis:



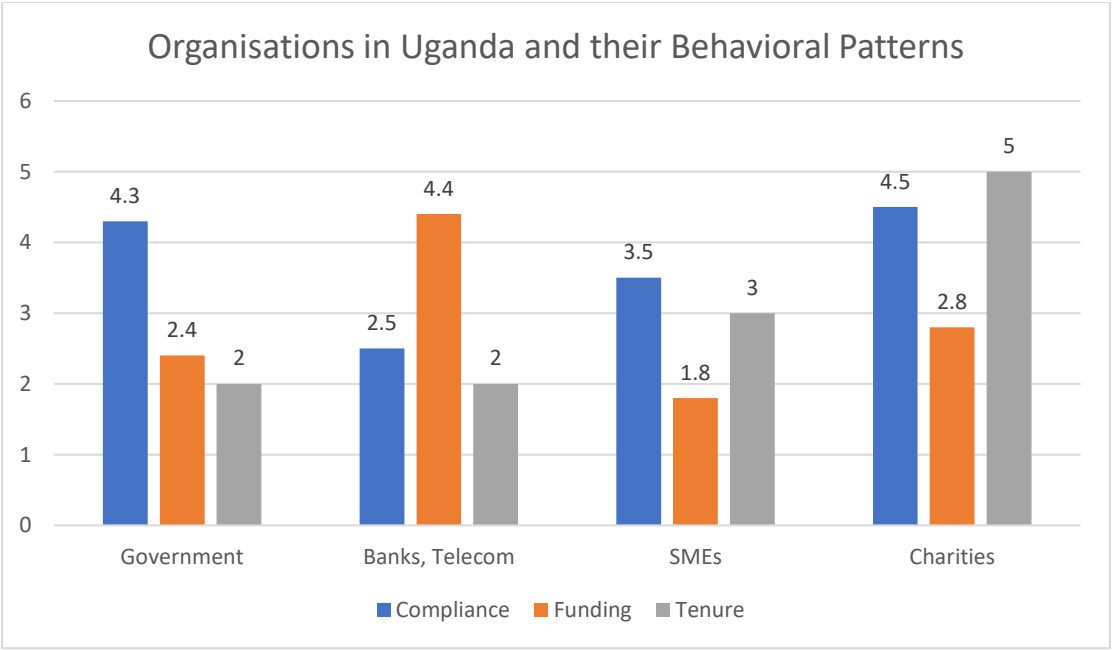
Source: Saunders *et al.*, 2019.

4.4 Findings

This research found out that charities and government organisations or agencies tend to live longer in Uganda on a Scale of 1 to 5 followed by banks and SMEs are the least. In terms of finances, banks and telecommunication companies have the highest funding, followed by charities, government agencies, and again SMEs are the least. Finally, the graph below clearly shows that charities and government agencies are more complaint than, banks and telecommunication companies, with SMEs still as the least. The research found out that, this is because government agencies, charities, and financial entities such as banks, telecommunication companies are funded, well managed and they also follow the right governing procedures, hence their long tenure

unlike SMEs in Uganda. It was upon these same facts, that this research was done, to mitigate, how SMEs can be empowered to live or stay longer than their expectancy which is an average of five years as stated by all the participants interviewed. Below is a graphical representation of organisations in Uganda and their behavioural patterns from 2,000 to date.

Figure 5 Organisations in Uganda and their behavioural patterns.



Source: Research

Figure 6 Mobile Money Performance in Uganda Since March 2020 to March 2022

MOBILE MONEY MARKET									
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Number of mobile money accounts ('000)	25,384	25,906	27,721	28,046	30,871	31,448	32,250	32,762	35,427
Number of mobile money accounts (active 90 days) ('000)	20,974	20,948	22,434	22,522	20,307	21,185	21,320	22,669	23,608
Mobile money transactions ('000)	818,385	797,195	925,268	986,123	960,103	1,023,154	1,100,941	1,206,582	1,185,410
Value of transactions (UGXbn)	20,700	20,010	25,738	27,281	28,440	31,925	36,774	41,782	38,121
Total balance on customer accounts (UGXbn)	478	532	512	571	547	621	971	1,169	1,113
Number of mobile money agents	223,901	226,615	227,736	235,790	254,930	285,371	292,210	475,755	512,675

Source: BMI Research: Uganda Telecommunication Report

The following questions were asked to the participants in Uganda from the banks, telecommunications, SMEs, and charities, particularly those in the leadership positions, to guarantee authenticity of the answers to an extent, as it would represent their organisations. The main question for this study was the first to be asked followed by the two subsequent ones.

1. What is the role of remittances on small and medium sized enterprises' (SMEs') growth in Uganda?
2. What is the role of financial players and the impact of their collaboration on remittance growth in Uganda?
3. What impact do government policies on remittances have on the performance of SMEs in Uganda?

A qualitative study allows researchers to change the questions as per the findings, as one engages in the study. This research gave room for the questions to change so that they can be answered well by the participants, and these were their responses below.

1. What is the role of remittances on small and medium sized enterprises' (SMEs') growth in Uganda?

A participant from Busia, a district close to the Kenya border answered the above question as below:

“Remittances provide capital for most of the businesses I audit”.

Another participant a peasant in Wakiso district that is found in Central Uganda said, “Without remittances from my son in America, my cows cannot be treated”.

A business owner who happens to have a school said, the students that pay school fees on time are those, whose parents and guardians work abroad”.

The second question is as below.

2. What is the role of financial players and the impact of their collaboration on remittance growth in Uganda?

A participant from Standard Chartered Bank had this to say, “Banks provide platforms for both the remitter and recipient of remittances to have their financial activity complete. We send and receive money from many countries in the world. That is what we do”.

Carol a boutique owner said that she is always charged highly to receive funds less than \$150 from her sister in Kenya who is a shareholder in her business. She said, “every month my sister in Kenya sends me money, however almost eight percent of it is spent on sending fees. This is so high. I can use that same money to go to Kenya and come back to Uganda to receive the funds in person, it is unfortunate that I cannot do so as it is hectic”.

Another said, “all these companies are the same. They are very expensive, and one must understand their policies to use them”.

The third question is as below.

3. What Impact do government policies on remittances have on SME growth in Uganda?

This question was intended for the government officials in Uganda and what their policies contributions were to remittances and SMEs growth in the country.

4.5 Policies and Measures

4.5.1 The Payments Service Provider (PSP) Licenses Formulation

Upon carrying out this research, it was found that the Bank of Uganda implemented the Payment Service Provider (PSP) licenses and law to regulate mobile money movement, remittances and other forms of digital currencies that may arise in Uganda in 2021. It was researched and evidenced that the breakaway of MTN Mobile Money Limited and Airtel Mobile Commerce Limited as key financial entities in the Mobile Money Market led to the growth of remittances and SMEs in the form of Fintech companies that were regulated by the Central Bank.

It was noted that, both the Bank of Uganda and the Financial Intelligence Authority (FIA) have a role to play to ensure that the country has a well-regulated market, to reduce the irregularities and eventually remove the unjust practices such as overcharging both the sender and recipient of money in Uganda.

One of the government officials answered the question to government on their policies as below.

“The PSP law governs all money moving entities in the country” mentioned one of the participants from the Central Bank. It was also confirmed that, whether the SME is a startup or longstanding, it was governed by the Central Bank. Another official from Citi bank said,

“if an entity’s core obligation is to manage public funds or conduct receiving and sending of money, such as forex bureaus, Savings and Credit Cooperatives (SACCOs) and Credit Unions, it must be regulated by the Central Bank”.

It was also found out by this research that the Central Bank holds regular stakeholder forums and meetings where financial institutions are trained on the upcoming policies, so that they do not fall victims of the law, as quoted earlier by the central bank’s representative. All new SME startups handling remittances are trained on their expectations, and they get their trading licenses from Uganda Revenue Authority (URA) and Kampala City Council Authority (KCCA), if they are to operate in the capital city and other suburbs (International Fund for Agricultural Development (IFAD), 2021).

The following questions arose from the research and were asked to the government officials in relation to the new PSP law. The government officials interviewed were in charge of making the policies for the remittances flowing in and out of the country,

and these included the Central Bank, that is, Bank of Uganda, Ministry of Finance and other key bank heads of Citi Bank, Barclays Bank (now called Absa), and microfinance banks represented by the biggest entity called Pride Microfinance MDI Ltd which is now a Tier 2 bank of its own.

1. Will the new PSP legislation have a negative impact on SME's growth in Uganda?
2. Would it be possible to exempt some SMEs that are at a lower Tier in terms of requirements to startup an entity for financial transfers?
3. Is your remittance legislation one of a number that is due for upcoming implementation? Alternatively, could temporal acts be given to SMEs to support their long stay in the market?
4. If your legislation is technical and is very complex, could it be simplified for SMEs to ensure understanding and compliance?

4.5.2 Feedback to the questions from the government officials.

1. Will the new PSP legislation have a negative impact on SME's growth in Uganda?

An official from Central Bank answered the above question as below: "The new legislation was created to remove monopoly of the financial institutions and telecoms when it comes to the movement of money in the country. It encourages SMEs growth". Another official from the Ministry of Finance stated that: "The new legislation has made it quite difficult for us to govern all the new market entrants effectively. We need to hire new staff to be able to do so, and come up with a new budget for it, which was not planned for".

2. Would it be possible to exempt some SMEs that are at a lower Tier in terms of requirements to startup an entity for Financial Transfers? A Central Bank representative, Henry Kakama reluctantly answered, "no" to this question. On further probing out why it is a no, he answered, "government is supposed to be fair to all, and exempting startups from their requirements is not fair play for this sector".

3. Is your remittance legislation one of a number that is due for upcoming implementation? Alternatively, could temporal acts be given to SMEs to support their long stay in the market? The representative of the Ministry of Finance Ms. Sheila Karungi stated, ‘no’’. When asked why, she said, “we do not have approval from Central Bank yet’’. She also mentioned that “temporal acts cannot be given by government as they can be abused and recalling them back will make the public disgruntled’’.

4. If your legislation is technical and is very complex, could it be simplified for SMEs to ensure understanding and compliance? The Central Bank official answered, “yes of course. We always hold monthly meetings with different stakeholders in the financial industry to ensure effectiveness of our laws and policies. Without this, fraud would be on the rise in this country’’.

4.5.3 Conclusion

The study found out that there are further studies required to show that remittances are useful for SME growth in Uganda so that the government of can divert focus to this area of economic growth. This is also confirmed by other researchers that stated that government policies are key to remittance growth (Muyengera and Matsumoto, 2016; Zerihun, 2021 and Kisubi *et al.*, 2022). It is on this background that this research is carried out. The findings of this research show the impact that remittances have on SME growth in Uganda, the government agencies’ influence on the same and how key stakeholders and financial institutes like banks, Fintech companies, charities and insurance companies have led to the growth of remittances (International Fund for Agricultural Development (IFAD), (2021).

4.6 Discussion Section

4.6.1 Introduction

In this section are the confirmations from the research carried out and what we hoped to find out from the study. We also find the limitations of the research methodology. This study used academic documents to gather further insights on the impact of remittances on SMEs growth in Uganda Kisubi *et al.*, (2022). The data was analysed using thematic coding and random stratification (Hayes, 2024). The field study or research was done using the inductive approach rather than the deductive one because the former offers real-time information, and the views of the participants are explained in detail (Mills and Birk, 2014). Below are the evident themes that resulted from the research and the literature reviewed.

4.6.2 Lack of effective policies governing remittances

It has been confirmed out of the research done that it is not easy to collect data on key matters of interest on government in African countries. The lack of information on the policies governing remittances in Uganda limited this research and this proved that this is a possible future topic of research. Adams and Page (2005), state that when the government officials were asked what policies are in place to protect the migrants from being charged different fees by the different remitter companies, they were not in place. This research confirms it to an extent because the PSP law in Uganda is less than three years old and there was no law governing digital currency in the country before 2021. The government and policymakers are not interested in making regulations that will last and influence remittance growth and businesses (Zerihun, 2021). This research confirmed that government leaders care about their stay in power and ways to prolong that more than having right policies implemented quickly and effectively. It was also confirmed by the research that, they can change any law and regulation to be voted again and anything that is right, such as fixing a fair cost for the remittance transactional fees will be avoided, so as not to offend their sponsors both in the diaspora and at home so that they can stay in office. These sponsors own most of the monopoly large businesses and corporates that dominate the market in Uganda (Nyeadi *et al.*, 2022).

4.6.3 Financial Sector Development

Ur Rehman and Hysa (2021) explain the effect of financial sector development and remittances on economic growth of countries. They found that remittances and financial development impact economic growth in an effective way. On the other hand, investigations on remittances and financial development showed a negative impact on economic growth in other countries. This is, however, low empirical evidence, that exists to show the relationship between remittances and household investment according to Nyeadi *et al.* (2022). This research confirms that remittances are important for the financial sector's development and improvement of people's lives in general, therefore more efforts should be made to grow them.

4.6.4 Expansion and Growth of Charity Organisations

The research found out that international charity organisations such as Care International, Peace Corps, Oxfam have also contributed to the growth of remittances in Uganda (Mwesige, 2024). Donors have a critical role in the implementation, growth, and survival of charities in developing countries, mentions the United Nations Development Programme (2022).

This research focused on the role that remittances play for SMEs business owners in Uganda, and what needs to be done to grow and scale up the financial flow of the same as referenced in the academic literature review (International Fund for Agricultural Development (IFAD), 2021). However, research on charities and their role in powering people to start up SMEs is still lacking, and this is a possible subject for future research to be done.

4.6.5 SMEs Failure Due to Poor Management

According to Kisubi *et al.* (2019, pp.3), (Ojede *et al.*, 2019) and Mulatu (2021), it is stated that the performance of SMEs is mainly influenced by the owner's entrepreneurial expertise. Harney (2021) also confirms the same and emphasizes that all SMEs should have structures in place that govern their performance such as official operating hours especially for forex bureaus, and other entities that compete with banks to remain afloat agrees Muyengera and Matsumoto (2016). The research however found out that the Bank of Uganda trains all financial players in the market

including SMEs. It is therefore advised that SMEs should be put under a Ministry in government such as Ministry of Trade that shall ensure their further growth, provide specific training specific to them, and where possible in the local language as the research found out that majority of the SME owners are illiterate and have never been to school.

4.6.6 Entrepreneurial Incompetencies

Mugoda and Dyubhele (2022) argue that for SMEs to grow and perform well, they need to be highly innovative and competent, however, Kisubi *et al.* (2022) indicate that amongst the entrepreneurial capacity researched, the ability to innovate is linked to SME performance more than any other competency. On a high note, the company's capabilities were found to be an empowering quality for the SME performance more than their entrepreneurial competencies. However, it was also found from this research that SMEs are faced with various problems, and these include lack of funds to facilitate the smooth running of the business, lack of policies that govern their performance, existence, and limited expertise to manage administrative rules (Burton, Fairlie and Siegel, 2019). As a result, regulations must be put in place to manage remittance and SMEs, as these deal with people's funds and must be accountable to ensure compliance with the Financial Intelligence Authority acts that govern money laundering (Financial Intelligence Authority, 2024).

4.6.7 Policymakers' Bias

It was found that the Central Bank in Uganda does not have enough capacity to adopt to the innovation in this era and as a result, a downward spiral of the value of the Uganda Shilling currency, in the event of large positive growths of other currencies like cryptocurrency, bitcoin, and other ones in the diaspora or the western world. This is a fact confirmed by the study and (Nyeadi *et al.*, 2022). **Inability to add enormous value to human capital.** Ur Rehman and Hysa (2021) argue that in some countries, referencing information and statistics from 1970 to 2005, remittances negatively affected the economic growth of their countries because of a lack of strong financial systems and their inability to add enormous value to human capital.

4.6.8 Support of Crime, Money Laundering and Terrorism Acts

The Somali Military terrorists' attacks and bombing in Uganda at Kyadondo Rugby ground, Kabalagala and Makindye suburbs in Uganda in July 2010 were attributed to remittances via mobile money applications. The terrorists received money through unregistered mobile SIM cards which they later destroyed as they were not registered under anyone's name (Financial Intelligence Authority, 2024). This immediately caused Uganda to be blacklisted by the European Union until the ban was lifted in March 2024 (Financial Intelligence Authority, 2024). Ratha (2013a), however, mentioned that such acts of terrorism can be avoided when financial institutions abroad work with the developing countries ones to track and register that migrants and their financial activities using National Identity Card and sharing of their account details as they would have done their Know Your Customer (KYC) history. This research found out that the government of Uganda is currently more vigilant about KYC registration for all financial institutions and failure to do so can lead to fines and closure of the companies' operations in the country as mentioned by one of the government officials interviewed.

4.7 Collaboration between Government Entities, Charities, SME Owners, and Diaspora Organisations

Uganda has a couple of charities that are in the form of International Non-Governmental Organizations (NGOs). NGOs are organizations that operate independently from any government entities (Mwesige, 2024). There are various NGOs in the country that depend on funds from abroad that can be in form of grants, funding sponsors or individuals, corporations, donations, and foreign governments that intend to carry out their goals and missions overseas (United Nations Development Programme, 2022). International NGOs play a vital role in the growth of remittances and have many causes that are not limited to humanitarian aid, human rights, promoting sustainable development goals (SDGs), and other global challenges (Mwesige, 2024; United Nations Development Programme, 2022). Below is a summary of the top International NGOs in Uganda:

4.7.1 Charities Receiving Money from the Diaspora and their Causes.

Oxfam International: Oxfam is a British-founded NGO with more than 21 independent charitable organizations founded in 1942. They aim to eradicate poverty globally. Oxfam International, the anti-poverty organization was created to focus on water and sanitation, gender justice and disasters (Mwesige, 2024).

Save the Children: Save the Children Fund was founded in the United Kingdom in 1919. It has since acquired the name, Save the Children. It is an international, non-government organization that helps to improve the lives of children around the world. Save the Children was started in 1959 in Uganda (Save the Children, 2024). The funds that the organisation receives from its donors are used to enhance children's lives (Mwesige, 2024; Non-Government Organisation Board Uganda, 2024).

BRAC International: BRAC international is a development organization and one of the world's largest Non-Governmental Organizations (NGOs). It was founded in 1972 by Sir Fazle Hasan Abed in Bangladesh as a Rural Advancement Committee. BRAC International launched operations in Uganda in 2006. It has since grown to become one of the largest non-governmental development organizations in the country (Mwesige, 2024). BRAC has put in place specific programs under the themes of Empowerment, Education, Livelihood for Adolescents, Ultra-Poor Graduation, Health, Emergency Preparedness and Response, and Financial Inclusion (BRAC, 2024).

Case Study: BRAC Uganda Bank Ltd: BRAC International is one of the true testimonies of the power of funding and remittances as the evidence of transformation in Ugandan lives. The organisation started a Microfinance in Uganda in 2006, as a part of BRAC Uganda's social development programmes (BRAC, 2024). In 2019, the entity grew into a Tier 2 Credit Institution and became BRAC Uganda Bank Ltd. To date, BRAC Uganda Bank Ltd has the biggest network of banking services in the country. It provides inclusive financial services for low-income communities to build sustainable livelihoods according to (Mwesige, 2024). The key takeout from the three charities listed above is that they all have causes for their

donor funds sent to Uganda and these include, eradication of poverty, education of children, and financial inclusion besides others (Mwesige, 2024).

4.8 Limitations of Research

Fear of Breach of Privacy: This research found out that qualitative researchers must be involved in the society or community and become part of it to get the relevant knowledge on the area of study. According to Krauss (2005) this research methodology is contrary to putting in place a list of questions for participants to answer as they desire, or tick True or False as per set answers in the quantitative study. This is also highlighted by (Mills and Birk, 2022) and Saunders *et al.* (2019). This study confirmed this fact from the research as some participants were laid back and were still doubting if their personal details will not be misused as the hold key public offices.

Time Zone Hinderance: The time zone of Uganda is +3 Greenwich Mean Time (GMT) from that of Ireland. The time difference in the two countries made it difficult to have long discussions with the participants as most of them were working in the morning and rushing home in the evening which was Ireland's afternoon time where most meetings were scheduled to take place. This led to an average of 60 minutes per interview which was not adequate time to answer the research questions in depth.

4.9 Conclusion

The researchers using the qualitative approach of research should always plan for more time for their research as more questions could rise from the discussion that are vital for the research. It is also good practice to have a pilot in-depth interview as it can give you an estimate on how long the interviews will last precisely. Last and certainly not the least, government offices are sensitive topics and anyone probing into this field of research should ensure getting the right permission from the key offices as their research can be banned, stopped, or hindered if the protocol of authority is not followed.

Chapter Five

Conclusion and Recommendations

5.1 Conclusion

It is key to note that, the purpose of this research was twofold, that is: (1) to establish the direct impact of remittances on SMEs' growth and (2) to examine the mediating role that government policies and other organisations play in the growth of remittances inflow in Uganda's economy. This research was inductive in nature, and it did find that remittances contribute to, and impact SMEs' development in Uganda. The results and information gathered was used to provide further insights on the role that remittances play in the development of SMEs, inform key policy-making offices in the government, empower various sectors, and promote the growth of SMEs in Uganda.

Concisely, it was found out by this reach that remittances play a leading role in the growth of SMEs in various economies in developing countries, Uganda being the key case study for this research. While the consolidation of business growth strategies is what we expect to see play out across Uganda in the next decade, emphasis has been put on the financial sector and the sophistication of their services, particularly remittances, investments, and insurance to better SME lifespan and growth confirms BMI: A Fitch Solutions Company (2024), the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) (2022), Burton *et al.* (2019) and Ratha (2013b).

Financial Inclusion for all sectors in the country of Uganda should be encouraged by the government of Uganda and other key global leaders such as the World Bank and United Nations in the country. This is because this study found out that SMEs are failing to grow because they are excluded from government and other financial institutions' funding to help them boost their businesses. This is because most of the SME owners are illiterate, or their businesses are located out of the country's capital

city with very remote transport systems, and hence cannot be easily reached or monitored.

5.2 Recommendations

The study shows the effect of funds from remittance flows and their contributions, policymakers' influence and financial players have for SMEs to thrive. The below are recommendations that are suggested to grow SMEs in Uganda.

Flexible Policies

It was found out that regulations are necessary, but they should not make it difficult for legitimate money service businesses to maintain accounts with correspondent banks. Government should ensure that the Fintech companies and other financial entities operate fairly and productively to their sector. This will ensure that the economy grows and encourage growth of SMEs in Uganda. Also, competition has spurred reductions in fees in the Uganda - Kenya corridor, where remittance fees fell more than 50 percent from over the past three years.

In relation to the above finding, it was discovered that most commercial banks provide free remittance services, in the drive to attract customers for their deposit and loan products. This is a main practice for all the banks holding Trust Accounts for the telecommunication companies in Uganda, stated on of the official at the Bank of Uganda. And in some countries like Kenya, new remittance incentives based on free mobile phones, internet, and virtual cards have been introduced by the leading telecommunication player Safaricom to encourage mobile money use and sending or receiving money across the region. These loyalty programs intend to have customers locked up to their services for a duration of two to three years hence growing their revenues and other subsidiaries attached to them like the Fintechs companies a fact also confirmed by (International Fund for Agricultural Development (IFAD), 2021).

Reduce Monopoly in Uganda Markets

The research found out that telecommunication companies and other financial players in Uganda introduced the exclusive partnerships between remittance service providers. These entities have existing businesses and other retail networks that help expand remittance services without large investments to develop payment networks. It was found that migrants in the diaspora should be given greater access to banks, which tend to charge less. This research recommends that action could encourage fraud in Africa as personal data should cross country borders as per the Data Protection Rights of Uganda. This is because the Know Your Customer(KYC) of the citizens keep changing and most do not have permanent addresses where they can be tracked in an event of such barbaric acts. However, this research encourages participation of Ugandans in microfinance institutions and credit unions in the remittance market, as these can help their business flourish more than remittances and exceed other forms of support for the SMEs in Uganda.

Government Incentives

Tax incentives such as tax holidays for big financial services like the telecommunications Fintech companies, new players in the market should be implemented to attract remittances. This fact was confirmed when a telecom official said that:

“MTN Mobile Money Uganda Limited’s breakaway into a Fintech company was encouraged by Safaricom, a Kenya telecommunication company, that is 60 percent owned by the government, and 40 percent by the public through notion shares”. Safaricom started the mobile money platform in East Africa more than fifteen years ago and is a market lead in the region, a fact confirmed by this research. Key to note is that although tax holidays are good, they may also encourage tax evasion, hence, governments need to be keen on the measure they put in place to curb such malpractices.

More to that, to increase remittance flows, governments should offer incentives and channel them to productive uses. However, it is key to note that majority of these policies can be more detrimental than to expand access to financial services or reduce transaction costs.

Financial Acumen

The research discovered that efforts to match remittance transfer costs, fund programs to attract remittances from migrant associations may divert funds from other local funding priorities, while efforts to channel remittances to investment have met with little success. This research recommends that, remittances are private funds that should be treated like any other sources of household income. Forces to increase savings and improve the funds spent on expenditures should be accomplished through improvements in the overall investments. Saving money and having other investments like SACCO funds and investment clubs also enhance the growth of SMEs as their interest rates for borrowing startup capital that is needed to boost the growth of the entity are less compared to those of financial institutions, particularly corporate banks like Standard Chartered and Barclays (known as Absa in Uganda).

Acquiring SME Owner Management and Sales Abilities

The research also recommends that managerial capabilities for SME owners significantly influence their growth and performance. These include the manager's personal conduct and values. If a manager or owner of an SME is well trained and considers long term investment or has goals for their entity, it enables the company to grow as they have a personal drive to growth and entrepreneurship. It was discovered that SMEs can gain capabilities for management and be able to sustain their growth through marketing, such as radio adverts and television airplay, to try and attract and create awareness to their potential customers in the country and abroad. This in return will lead to profits, more sales and greater market share. In so doing, their performance would greatly improve.

It is also noted and confirmed that remittances support and empower SMEs with more resources to support their business, however, marketing capabilities would help them to acquire and retain customers. Management capabilities ensure that professionalization is in place and all the other attributes would result in growth of SMEs in Uganda. It is also advised that government gets a Ministry in its cabinet that will focus on SMEs growth and training to help compete in the market. This could be done through the Ministry of Trade that licenses the entities to also ensures their growth through follow-up programmes.

Recommendations for future Research

It is recommended that further research is carried out on the role of government funding and that of international donors in promoting startups especially SMEs in developing countries like Uganda, this is because many SMEs need funding on a long term than periodic remittances if they are to grow into bigger companies. They can be supported to grow for five years from the start date, and annual reports of the expenditures expected of them to get more funding. This practice helps to curb abuse and misuse of donor funds. This is because the study found out that many organisations like charities support human welfare in Uganda but do not promote families starting up personal businesses to eradicate poverty. This then leaves the notion that is common in Africa, that donor funding comes from hand to mouth (meaning all is consumed or used for basic needs) but not empowerment to eradicate poverty entirely.

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Appendix I

List of Financial Institutions and Category in Uganda:

Financial Institutions Under Banks:

ABC Capital Bank Ltd
Absa Bank Uganda Limited
Afriland First Bank Uganda
Bank of Africa Uganda Limited
Bank of Baroda (U) Ltd
Bank of India Uganda Limited
BRAC Uganda Bank Ltd
Cairo Bank Uganda Limited
Centenary Rural Development Bank Ltd
Citibank Uganda Limited
Development Bank Uganda Development Bank Limited
Dfcu Bank
Ecobank Uganda Limited
Equity Bank Uganda Limited
Exim Bank (Uganda) Limited
Finance Trust Bank
Guaranty Trust Bank
Housing Finance Bank
KCB Bank Uganda Limited
Mercantile Credit Bank Ltd
NCBA Bank Uganda Limited
Opportunity Bank Uganda Limited
Orient Bank Limited
Postbank Uganda Limited
Stanbic Bank Uganda Limited
Standard Chartered Bank Uganda Limited
Top Finance Bank
Tropical Bank Ltd
Trust Bank Uganda Limited
United Bank for Africa Uganda Limited
Yako Bank Uganda Limited

Investing, Administering Funds or Money on Behalf of Other Persons

National Social Security Fund (NSSF) - Government entity

Deposit Taking Entity/ Minority Depository Institutions (MDI)

Entrepreneurs Financial Centre Uganda Limited
Finca Uganda Ltd

Pride Microfinance Limited
Ugafode Microfinance MDI Ltd

Insurance Companies:

Broker/Dealer/Investment Advisor UAP Old Mutual Financial Services
Individual and Collective Portfolio Manager XENO Investment Management Limited
Jubilee Life Insurance Company of Uganda Limited
Liberty Insurance
Prudential Assurance Uganda Limited
Sanlam Life Insurance Uganda LTD
UAP Old Mutual Life Assurance

Forex and Money Transfer Services

Abia Forex Bureau Ltd
Access Forex Bureau LTD
Ace Forex Bureau
Amal Express and Forex Bureau
Assured Forex Bureau Ltd
Atelere Forex Bureau Limited
Aussie Forex Bureau Limited
Bakaal Forex Bureau Limited
Bestrates Forex Bureau
Bevar Forex Bureau
Big Bills Forex Bureau
BT Payments Services Ltd
Buddu Forex Bureau Limited
Buyi Forex Bureau LTD
Capital Forex Bureau U Ltd
City Forex Bureau Ltd
Comdel Forex Bureau
Crown Forex Bureau
Dahabshiil Money Transfer Services (U) Limited
Destiny Forex Bureau Ltd
Don Forex Bureau Limited
Dotcom Forex Bureau
Epic Forex Bureau
Fin Finee Forex Bureau
Guild Frank Forex Bureau
Habari Forex Bureau
Hady Forex Bureau
Hare Krishna Forex Bureau
Iftiin Forex Bureau and Money Transfer Limited
Jentu Forex Bureau
Jetset Forex Bureau Ltd
Kikuubo Lane Forex Bureau
LA-CEDRI Bureau De Change Limited

Lloyds Forex Bureau
Loms Forex Bureau
Metropolitan Forex Bureau Ltd
Midland Forex Bureau
Midwest Forex Bureau Limited
Moha Forex Bureau
Money Bag Exchange Bureau Ltd
Nurm Forex Bureau
Pay Uganda Limited
Peniel Forex Bureau
Priceline Forex Bureau Ltd
Prime Forex Bureau
sente forex bureau
Shalom Forex Bureau Ltd
Shumuk Forex Bureau Ltd
Sky Forex Bureau
Speed Bird Forex Bureau Limited
Super Gate Forex Bureau Ltd
Superior Exchange Forex Bureau
Tayo Exchange & Money Transfer
Ultimate Forex Bureau
Umoja Forex Bureau Ltd
Unimoni Exchange Services Limited
Victoria Forex Bureau
Virah forex Bureau Ltd
Yam Forex Bureau
Zain Forex Bureau Ltd
Zeal Forex Bureau Limited

Mobile Telecommunications Fintechs

Money and Value Transfer Service Airtel Mobile Commerce Uganda Limited
Money and Value Transfer Service MTN Uganda

Source: Financial Intelligence Authority, 2024.

Appendix II: Interview Questionnaires

Topic: The Impact remittances have on the growth SMEs in Uganda.

1. Demographics – Age range: 20-30, 31– 40, 41 - 50, 51- 60, Job, and Location.

Questions:

Correspondents: Bank Heads, SME Owners, and Charity Leads

4. What is the role of remittances on small and medium sized enterprises' (SMEs') growth in Uganda?
5. What impact do government policies on remittances have on the performance of SMEs in Uganda?
6. What is the role of financial players and the impact of their collaboration on remittance growth in Uganda?

Correspondents: Government Officials including Central Bank

1. Will the new PSP legislation have a negative impact on SME's growth in Uganda?
2. Would it be possible to exempt some SMEs that are at a lower Tier in terms of requirements to startup an entity for Financial Transfers?
3. Is your legislation one of a number that is due for upcoming implementation? Alternatively, could temporal acts be given to SMEs to support their long stay in the market?
4. If your legislation is technical and is very complex, could it be simplified for SMEs to ensure understanding and compliance?

Appendix III. A Copy of an email and Calendar Booked Video Meeting to One of the Participants of the Research Study.

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Sandra Elizabeth Namazzi <sa... May 6, 2024, 10:24 AM (8 days ago) ☆ 😊 ↶ ⋮

to Hua ▾

Dear Sandra,

I hope this email finds you well.

Kindly find below some of the questions we can discuss later on this afternoon, please.

Correspondents: Bank Heads, SME Owners, and Charity Leads

- What is the role of remittances on small and medium sized enterprises' (SMEs') growth in Uganda?
- What impact do government policies on remittances have on the performance of SMEs in Uganda?
- What is the role of financial players and the impact of their collaboration on remittance growth in Uganda?

Correspondents: Government Officials including Central Bank

- Will the new PSP legislation have a negative impact on SMEs growth in Uganda?
- Would it be possible to exempt some SMEs that are a lower Tier in terms of

CALENDAR

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Monthly Catch up<2 Sandras>, 3pm

Sandra Elizabeth Namazzi <sandrahnamazzi@gmail.com> May 6, 2024, 10:24 AM (8 days ago) ☆ 😊 ↶ ⋮

to Hua ▾

Dear Sandra,

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Correspondents: Government Officials including Central Bank

- Will the new PSP legislation have a negative impact on SMEs growth in Uganda?
- Would it be possible to exempt some SMEs that are a lower Tier in terms of requirements to startup an entity for Financial Transfers?
- Is your legislation one of a number that is due for upcoming implementation? Alternatively, could temporal acts be given to SMEs to support their long stay in the market?
- If your legislation is technical and is very complex, could it be simplified for SMEs to ensure understanding and compliance?