



# MCASH GETS TWO BOU LICENCES

**FINTECHS ENABLE SECTORS LIKE TELECOMMUNICATIONS, TRADITIONAL FINANCE AND TECHNOLOGY TO CONVERGE, CREATING PLATFORMS WITH NO BORDERS AND GREATER SCALABILITY, HENCE THE NEED FOR PROPER REGULATION. BANK OF UGANDA RECENTLY GRANTED MCASH (U) LTD A PAYMENT SYSTEM OPERATOR (PSO) LICENCE AND A PAYMENT SERVICE PROVIDER LICENCE. TEDDY NAKAMYA OF MCASH TELLS EDWARD KAYIWA WHAT IT MEANS FOR THE INDUSTRY AND WHY PAYMENT GATEWAYS REPRESENT THE FUTURE.**

**RECENTLY, YOU GOT TWO LICENCES FROM BANK OF UGANDA, THE TECHNICALITIES OF WHICH CONFUSE THE PUBLIC. IN THAT REGARD, WHAT IS THE DIFFERENCE BETWEEN A PAYMENT SYSTEMS OPERATOR AND PAYMENT SERVICE PROVIDER?**

**M**CASH (U) LTD was granted a Payment System Operator (PSO) licence as an entity which has developed and owns digital payment platforms, which are deployed to different users – individuals, private businesses, government institutions, farmers' groups and SACCOS, among others. According to the National Systems Payments Act, 2020 and the National Payments Systems Regulations 2021, such an entity operating a software provider to

enable transactional payment must acquire a National System Operators' licence.

On the other hand, a Payment Service Provider (PSP) is an entity which provides a payment service enabling cash deposits, withdrawals, execution of payment transactions, issuance and acquisition of payments instruments and any other service incidental to the transfer of funds. Such an entity must acquire a Payment Service Provider licence for them to legally operate. Being a digital Wallet, Mcash has different channels to allow its users to deposit, withdraw, transfer and pay for utilities.

These channels are accessed through our McashAPP on

smartphones, USSD for feature phones and ATM cards on the 505 Inter-switch-enabled ATMs.

**WHAT IS IT LIKE RUNNING A FINTECH BUSINESS IN A THIRD WORLD ECONOMY? WHAT REAL BENEFITS DO YOU PRESENT TO YOUR CLIENTS?**

We started Mcash in 2010 because we wanted to bridge the gap between the unbanked and the banked population. The number of people with bank accounts in Uganda was not more than 20%, yet Uganda was among the African countries with a better financially served population compared to many other countries. Mcash has not only inspired many other fintechs, but also banks are now using digital solutions to serve more people that were initially financially excluded.

Also, the provision of mobile money by telecommunications companies has made it easier for consumers in Uganda to embrace technology. That said, it has been both exciting and challenging to run a fintech business in a third world economy.

As a fintech, we are excited to



**Teddy Nakamya**

develop and operate a payment system which has shown robustness and versatility and also capable of supporting several integrations with banks, MNOs utility companies.

We are also proud of some innovative solutions we have been able to come up with, such as the agency banking technology, which is deepening financial inclusion in the country.

We have also developed systems that facilitate provision of bulk payments to institutions and businesses which have workers scattered all over the country. With this service, we manage our clients' payroll on our platform, whereby employees access their salaries through our agents and

mobile money agents, thanks to interoperability. This is the kind of convenience we desire to create. We have been challenged with convincing our partners about the efficiency and security of our system.

**WHAT HAS THE JOURNEY BEEN LIKE, OPERATING WITHOUT A PARTICULAR REGULATOR IN THE PAST?**

Mcash has been in existence since 2010 and operating since 2012. This was even before the Mobile Money guidelines 2013 came into place. With the coming into place of those guidelines, it became easier for us to operate. Regulation in the space was initially focused on mainstream financial institutions like banks and hardly the non-financial institutions providing payment systems.

However, there is a common concern that increased regulation may affect innovation as many providers with great potential may be sieved out of the payment systems space because for one reason or another, they cannot meet all the requirements for a licence.

**WHAT OPPORTUNITIES DOES THE**

**REGULATION PRESENT FOR THE FINANCIAL SECTOR?**

Regulation will most certainly see many banks and fintechs make strategic partnerships to create products that are more accessible for different types of consumers, hence deepening financial inclusion. It will also bring norms and standards in the sector, promote competition and transparency, which are pivotal.

**WHAT IS THE FUTURE OF PAYMENT GATEWAYS IN UGANDA, NOW THAT THERE IS A CENTRAL REGULATOR AND LAW?**

Payment gateways are the future. They offer so much convenience and humans will always prefer the convenient option. I am confident that Ugandans will embrace technology more, now that as payment service providers and operators are gaining their trust. Bill Gates said something that I cannot help but quote, "The advance of technology is based on making it fit in so that you do not really even notice it, so it's part of everyday life."

**Teddy Nakamya is the head of legal, compliance and HR**



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