



Report on the Impact of the Mobile Money Tax in Uganda.

A Case Study of Selected Areas in Nakawa Division

PREPARED FOR: THE GENERAL PUBLIC &
STAKEHOLDERS

BY: JOSY CONSULTS

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BACKGROUND & OBJECTIVES OF THE SURVEY

As concerned authorities (the Parliament, Government of Uganda) take time in institutionalizing the final 0.5 per cent threshold of the newly introduced mobile money tax, independent research and consultancy firm-Josy Consults sought to find out and assess the impact of the tax whose enforcement commenced on 1st July, 2018¹.

The company conducted a pilot on spot-check audit (physical counting) of **closed mobile money agents** (with the exception of designated outlets like kiosks, premises occupied by telecommunication companies, retail or wholesale outlets such as supermarkets, fuel stations etc.) in Nakawa division. Areas along Port Bell road namely; Bugolobi, Kitintale and Luzira.

Notes:

1. Despite the presidential directive more than two months ago, the assumedly miscommunicated 1 per cent tax is still prevalent on withdraw transactions pending amendment of the tax law by the Parliament of Uganda. This is currently charged on consumer to consumer , depending on number of transactions one makes and translating into more accumulated percentages.

Methodology

- ✓ The study was conducted on Saturday 22nd September, 2018 engaging a team of 10 enumerators.
- ✓ Data was collected through mobile devices, i.e. use of smartphones. GPS coordinates were captured for each sampled outlet.
- ✓ A scripted questionnaire comprising of 4 key questions was administered. Questions were administered to both available ex-agents as well as community members on behalf of ex-agents who were not available since these members work or reside in the same locality. However, effort was made to prioritize information from the primary ex-agents.
- ✓ Convenience sampling of both study areas and outlets was employed. The study targeted only outlets that operate along the main road and are easily visible as opposed to those operating in the various outskirts. The rationale was due to logistical challenges that would require a comprehensive and representative study to be conducted nation-wide given that the anticipated number of ex-agents is expected to be much higher.



Satellite for
GPS



Fieldwork via
mobile devices
(Smartphones)

Findings

1

According to our findings, Port Bell road has a total of 205 visible mobile money agents. Close to every 10 out of 100 agents were found to have gone out of business i.e. closed.

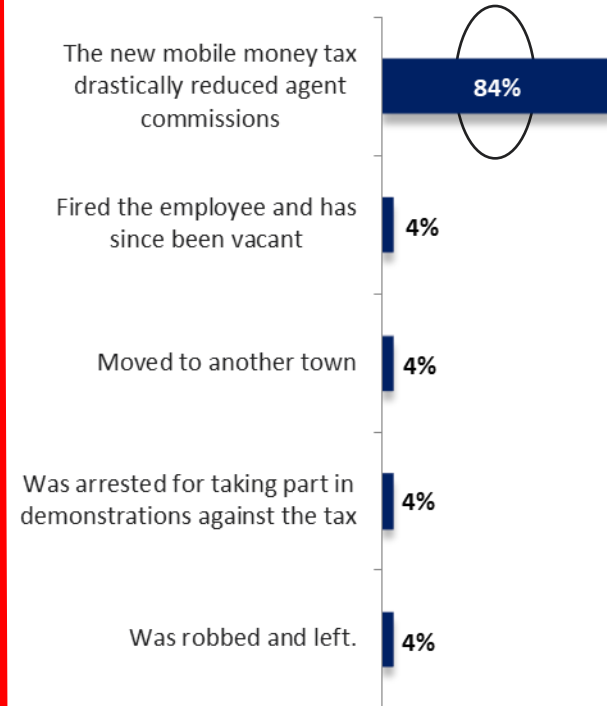
2

The mobile money tax was the main reason (84%) why these agents closed shop because they had their commissions affected due to reduced demand of the service from customers. Literally all customers prefer depositing small amount or merely purchasing airtime compared to the pre-tax period.

3

Since they traded in only one or a few supplementary services 100 percent of these agents could not wither the adverse effects of the tax. For those who had such goods like beverages e.g soda, water in small quantities; these weren't adequate enough to save their day due to competition from the neighboring retail outlets with a diversified product range.

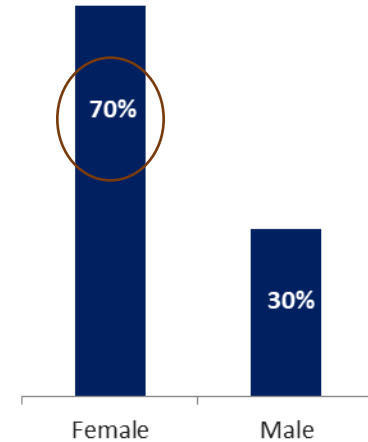
Main reason why the agent closed, n=27



Findings...Continued

- 4 Majority (70%) of the agents were female employees, implying a downward shift in the employment level of females compared to their male counterparts.
- 5 Regardless of gender, every closed outlet employed youthful agents with a median age of 24 years.
- 6 7 out of every 10 (over 73%) of agents have been closed for more than a month/4 weeks since the introduction of the tax. The month of August witnessed most closures. This trend is expected to escalate in the coming months.
- 7 Secondary data from telecommunication companies (as was reported in various media houses) on how much revenue they lost overtime can not provide reliable information on the number of outlets that run out of business or unemployment since the companies did not collect information on none telecom supplementary or complementary services/products during the registration of these agents.

Percentage of agents closed by gender, n=27



Impact

- ✓ Wide spread unemployment amongst the youth with the female population taking the biggest brunt of the impact.
- ✓ The gains of financial inclusion (FI) registered in the recent past have been eroded away, however more research is required to establish how deeply FI has been eroded in a space of two months.
- ✓ Escalated mistrust in the current Parliament of Uganda with majority MPs viewed with a pinch of salt.
- ✓ Political upheavals emanating especially from the youth that represent the bulk of the Ugandan population.

Recommendations & Conclusion

- In terms of employment and taxation, before establishing controversial laws, the government is urged to borrow a leaf from the Western world and establish an employment bureau that tracks monthly job creation trends. Base on it's data to draw conclusions on the best approaches.
- Policy and law makers are encouraged to embrace research before they embark on establishing new laws that have adverse effects on the masses. Laboratory research approaches are recommended.
- Conclusively, the growing trend of neglecting key stakeholders especially the public, making boardroom decisions and only bear stakeholders in mind when laws have already been passed is always a recipe for social, political and economic disaster.

ABOUT JOSY CONSULTS

Josy Consults is an independent research /consultancy firm based in Kampala, Uganda specializing in field and tab research.

Our mission

To redefine research and consultancy services by providing simplified, timely and legitimate actionable data.

Our vision

To be the preferred consultancy firm and center of excellency for informed-decision making information in Africa.

Remaining True to Research Data Integrity

At Josy Consults we are passionately curious about people, markets, brands and society. We deliver information and analysis that makes our complex world easier and faster to navigate and inspires our clients to make smarter decisions.

Through specialization, we offer our clients a unique depth of knowledge and expertise. Learning from different experiences gives us perspective and inspires us to boldly call things into question, to be creative.

Nature of surveys conducted;

- Impact assessment studies
- Monitoring and auditing Outdoor Media Advertising **(NEW)**
- Customer and Employee satisfaction surveys
- Mystery client/shopping
- Brand Health trackers
- Opinion polls

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