

Court rules mobile money in Uganda illegal

By [Lilian Mutegi](#)

8 Jun 2015

A Ugandan Court has pronounced that mobile money business operated by the five major telecommunication companies in the country is illegal...

According to New Vision Uganda, Justice Christopher Madrama of the Commercial Court in Kampala, made the pronouncement on Friday. He was delivering a ruling on a case where Bugweri County MP Abdu Katuntu, had filed a petition, seeking among others, a declaration to have mobile money regulated under the Financial Institutions Act.

Katuntu wanted a declaration that the mobile money services are currently operating outside the license issued to them by the Uganda Communications Commission (UCC) to operate as Telecommunication companies. He said the mobile money operators; MTN, Warid, Uganda Telecom, Airtel and Africell are registered as telecommunication companies, not financial institutions.



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Justice Madrama agreed with Katuntu that although mobile money is operating as a financial institution, it is not licensed by Bank of Uganda or any other commercial bank.

"MTN is not a financial institution. It needs to obtain a license from either bank of Uganda or any other commercial bank to carry out financial businesses and operate mobile money," he said.

The judge said a person who is not licensed to transact a financial business does so illegally and it is a crime only handled

by the Director of Public Prosecutions (DPP).

Madrama however, dismissed the case because it was instituted in a wrong court, saying the plaintiffs (Katuntu and a business woman Kimberly Kasana) should have raised the issue before a tribunal established by UCC to handle such cases.

He said under the Uganda Communications Act, Parliament ruled under section 75 to establish a tribunal and an office of a technical advisor to determine matters under the Act.

The jurisdiction of the tribunal is provided for under section 79 and includes the right to hear all matters relating to the telecom services. Therefore, the judge ruled that court has no power whatsoever to make a judgment on the matter. "We have no jurisdiction to ask Bank of Uganda to license mobile money as a financial institution. Any question as to the breach of license or acting outside a license, are matters that fall within the tribunal," Madrama ruled.

He also ruled that if the plaintiffs knew that the telecom companies are transacting mobile money businesses outside the licenses granted by UCC, they would have petitioned the tribunal. Katuntu was represented by Friday Kagoro while MTN was represented by advocates from Sebalu, Lule and Co Advocates.

However, Madrama ordered each of the parties to foot their legal bills. Speaking outside court shortly after the ruling had been delivered; Katuntu expressed dissatisfaction, and vowed to appeal, arguing that the judge did not consider his evidence. Court has given him 14 days to appeal.

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