STATUTORY INSTRUMENTS
SUPPLEMENT No. 3 24th January, 2025

STATUTORY INSTRUMENTS SUPPLEMENT

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STATUTORY INSTRUMENTS

2025 No. 8

THE MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (AGENT BANKING) REGULATIONS, 2025

ARRANGEMENT OF REGULATIONS

Regulation

STATUTORY INSTRUMENTS

2025 No. 8

THE MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (AGENT BANKING) REGULATIONS, 2025

(Under sections 3 (3) and 93 of the Microfinance Deposit-Taking Institutions Act, Cap. 58)

IN EXERCISE of the powers conferred upon the Bank of Uganda by sections 3 (3) and 93 of the Microfinance Deposit-Taking Institutions Act, and in consultation with the Minister, these Regulations are made this 18th day of October, 2024.

PART I—PRELIMINARY

1. Citation

These Regulations may be cited as the Microfinance Deposit-Taking Institutions (Agent Banking) Regulations, 2025.

2. Application

These Regulations apply to microfinance deposit-taking institutions in Uganda and their agents.

3. Interpretation

In these Regulations, unless the context otherwise requires—

"Act" means the Microfinance Deposit-Taking Institutions Act;

"agent" means an entity contracted by a microfinance deposit-taking institution to provide microfinance deposit-taking services on behalf of that microfinance deposit-taking institution;

"agent banking" means the performance of microfinance deposit-taking business by an authorised person on behalf of a microfinance deposit-taking institution as approved by the Bank of Uganda;

"currency point" has the meaning assignment to it under Schedule 1 to these Regulations;.

"microfinance deposit-taking institution" means a company licensed to carry on, conduct, engage in or transact in microfinance business in Uganda;

"Minister" means the Minister responsible for finance;

"parent branch" means the branch responsible for the operations of an agent or agent outlet;

"principal" means a microfinance deposit-taking institution that executes a contract with an agent to perform microfinance deposit taking business on behalf of the institution with a third party.

"real time" means the electronic processing of instructions instantaneously upon data entry or receipt of a command;

"suspicious transaction" refers to a transaction which is inconsistent with a customer's known legitimate business or personal activities or with the normal business for that type of account or business relationship or a complex and unusual transaction or complex or unusual pattern of transaction;

"two-factor authentication" refers to the identification of a user by means of the combination of two different components which the user knows, possesses or something that is inseparable from the user.

PART II— AGENT BANKING

4. Approval to conduct agent banking

(1) A microfinance deposit-taking institution shall not conduct agent banking in Uganda without the written approval from the Bank of Uganda.

(2) An application for approval to conduct agent banking shall be made to the Bank of Uganda in Form 1 prescribed in Schedule 2 to these Regulations.

(3) The application referred to in sub regulation (2) shall include the—

(a) strategy for agent banking including—

(i) number of agents per district for the next twelve months; and

(ii) management of the agent network including agent training, agent supervision and liquidity management.

(b) proposed technology platform to run the agent banking, which must be capable of processing instructions issued electronically in real time;

(c) agent selection due diligence policy and procedures;

(d) policies and procedures applicable to the provision of services through agents;

(e) services intended to be provided through agents; and

(f) any additional information that the Bank of Uganda may deem necessary.

(4) The application for approval to conduct agent banking shall be accompanied with the following supporting documents—

(a) a draft of the agency agreement between the microfinance deposit-taking institution and the agent; and

(b) a risk management framework for agent banking.

5. Persons eligible to be agents

(1) A person shall not be appointed as an agent by a microfinance deposit-taking institution unless that person is—

(a) a sole proprietorship;

(b) a partnership;

(c) a company;

(d) a cooperative society; or

(e) an entity approved by the Bank of Uganda.

(2) A microfinance deposit-taking institution shall not appoint its employees, affiliates or associates as agents.

6. Pre-requisites for conducting agent banking

(1) A microfinance deposit-taking institution shall put in place an effective agent selection process and carry out due diligence on every person it intends to engage as an agent.

(2) An entity shall not be appointed as an agent, unless the entity has—

(a) for six consecutive months prior to the making of the application operated a bank account or mobile money account with a deposit-taking institution or e-money issuer licensed by the Bank of Uganda;

(b) a licensed business;

(c) a physical address;

(d) adequate and secure premises; and

(e) been engaged in the licensed business under subregulation (2) (b) for at least twelve months.

(3) A microfinance deposit-taking institution shall conduct a suitability assessment on the person who intends to be an agent under these Regulations in Form 2 prescribed in Schedule 2 to these Regulations.

7. Grant of approval

Where the Bank of Uganda is satisfied that the requirements under these Regulations have been fulfilled by a microfinance deposit-taking institution, the Bank of Uganda shall, within three months from the date of receipt of the requisite information, communicate its decisions regarding the application to the microfinance deposit-taking institution.

PART III —PRINCIPAL-AGENT RELATIONSHIP

8. Obligations of microfinance deposit-taking institution

(1) A microfinance deposit-taking institution approved to conduct agent banking is liable for the actions or omissions of its agent relating to agent banking.

(2) A microfinance deposit-taking institution shall—

(a) assign each agent or agent outlet a unique identification number;

(b) assign each agent or agent outlet to a specific parent branch;

(c) display a list of agents at the agents' respective parent branch;

(d) establish technological infrastructure to support the agent banking;

(e) put in place adequate and secure technological infrastructure capable of processing all transactions in real time;

(f) provide appropriate equipment to agents to carry out agent banking, including the ability to generate hard copies of transaction receipts;

(g) provide appropriate training, necessary manuals, supporting tools and procedures to the agents;

(h) manage and supervise the agents;

(i) set limits and monitor compliance within such limits;

(j) support agents to provide services in accordance with consumer protection requirements determined by the Bank of Uganda;

(k) update the Bank of Uganda periodically on its agent network in accordance with regulation 19; and

(l) require agents to comply with the requirements of these Regulations.

(3) Subject to subregulation (4), an agent shall not use as part of its name words like "microfinance", "microfinance deposit-taking institution", "financial intermediary" or their derivatives or any other word suggesting that the agent is itself a microfinance deposit-taking institution;

(4) Subregulation (3) shall not apply to an agent who is permitted under any applicable law to use the words "microfinance", "microfinance deposit-taking institution", "financial intermediary" or their derivatives or any other word suggesting that the agent is itself a microfinance deposittaking institution.

9. Agency agreement

(1) A microfinance deposit-taking institution approved to conduct agent banking shall enter into a written agreement with each agent before the agent conducts business on behalf of the microfinance deposit-taking institution.

(2) A person shall not offer microfinance services on behalf of a microfinance deposit-taking institution without a valid agency agreement.

(3) An agency agreement under subregulation (1), shall —

(a) specify the liability of any acts or omissions of the agent to the

extent of the agent's express or implied authority, to be born by the microfinance deposit-taking institution;

(b) set out the services to be provided by the agent;

(c) set out the activities the agent is prohibited from engaging in;

(d) provide for the remuneration arrangement;

(e) set out the anti-money laundering and countering the financing of terrorism arrangements including a requirement for an agent to report suspicious transactions to the microfinance deposittaking institution;

(f) provide the responsibilities and liabilities of the agent and the microfinance deposit-taking institution;

(g) require that all information or data the agent collects in relation to agent banking is property of the microfinance deposit-taking institution and subject to data protection requirements;

(h) provide for the power of the Bank of Uganda to access any information, systems and premises related to the agent;

(i) set out transaction limits of the agent;

(j) specify the terms and conditions of termination of the agency agreement;

(k) provide that the Bank of Uganda can direct the termination of the agreement as it deems appropriate;

(l) set out a transitional clause on rights and obligations of the microfinance deposit-taking institution and the agent upon termination or cessation of the agency agreement; and

(m) specify that employees of the agent shall not be treated as employees of microfinance deposit-taking institution.

10. Non-exclusivity

(1) An agreement between a microfinance deposit-taking institution and an agent shall not include a provision prohibiting the agent from conducting agent banking with other microfinance deposit-taking institutions and financial institutions.

(2) An agent may provide agent banking for other approved microfinance deposit-taking institutions provided that—

(a) the agent has entered into an agency agreement with each microfinance deposit-taking institution for provision of agent banking services; and

(b) the agent has the capacity to manage the transactions for the different microfinance deposit-taking institutions.

(3) A microfinance deposit-taking institution shall assess the capacity of an agent to manage transactions for a different microfinance deposit-taking institution under subregulation (2)(b) in terms of—

(a) space;

(b) technology; and

(c) adequacy of funds or float of the agent.

(4) Without prejudice to subregulation (2), an agent shall not be discriminated against on grounds of providing agent banking services to more than one microfinance deposit-taking institution.

(5) For purposes of subregulation (4), "discriminate" means to give different treatment to different agents attributed only or mainly to their respective agent banking with more than one microfinance deposit-taking institution.

11. Termination of agency agreement

(1) An agency agreement shall provide for termination of the agreement.

(2) Notwithstanding subregulation (1), an agency agreement may be terminated by the microfinance deposit-taking institution, if an agent—

(a) carries on agent banking when its licensed business has ceased;

(b) is convicted of a criminal offence involving fraud, dishonesty or other financial impropriety;

(c) sustains a financial loss or damage to such a degree which, in the opinion of the microfinance deposit-taking institution, makes it impossible for the agent to gain its financial soundness within three months from the date of the loss or damage;

(d) is being dissolved or wound up through a court of competent jurisdiction or otherwise;

(e) in case of a sole proprietor, he or she dies or becomes mentally incapacitated;

(f) transfers, relocates or closes its place of agent banking without prior written consent of the microfinance deposit-taking institution;

(g) fails to renew or does not hold a valid business license; or (h) contravenes any provision in these Regulations.

(3) Where an agency agreement is terminated, the microfinance deposit-taking institution shall cause a notice of the termination to be published within the locality of the premises where the agent was operating or in any other way or manner as to inform the general public of the cessation of the agency agreement.

12. Treatment of agent and its outlets

(1) An agent with an outlet whose operations or activities are managed, controlled, supervised or subject to the direction of the head office of the agent and has no separate legal existence from it, shall be part of the agent for purposes of qualifying to be an agent.

(2) An agent shall be liable for any acts or omissions of its outlet.

13. Permissible activities

(1) An agent may provide any of the following services in conducting agent banking—

(a) the collection and forwarding of information and supporting documents for account opening or applications for payment instruments;

(b) cash deposit and cash withdrawal;

(c) the payment services including bill payments;

(d) money transfers;

(e) facilitating disbursement and repayment of loans;

(f) the receipt and forwarding of documents in relation to loans, leases and any other permitted products;

(g) payment of retirement and social benefits;

(h) account balance enquiry;

(i) the provision of account statements;

(j) the provision of a communication and distribution channel for the institution; or

(k) any other activity as the Bank of Uganda may approve.

(2) A microfinance deposit-taking institution shall determine, based on risk assessment and due diligence on agent, which of the activities under subregulation (1) an agent shall provide.

14. Prohibited activities

(1) An agent shall not—

(a) offer microfinance business on its own accord, except where it is the agent's principal business as at the time of engagement;

(b) continue with the agency banking where it has a proven criminal record involving fraud, dishonesty, integrity or any other financial impropriety;

(c) provide, render or hold out to be providing or rendering any banking service which is not specifically permitted in the agency agreement;

(d) operate or carry out a transaction when the system is down or when there is any communication failure in the system, or in the customer's absence;

(e) carry out a transaction when a system generated receipt or acknowledgement of the transaction cannot be generated;

(f) charge fees directly to customers;

(g) distribute debit cards, credit cards or PIN mailers;

(h) subcontract other persons to provide agency banking services;

(i) provide agency banking services at a location other than the physical address of the agent;

(j) open accounts, grant loans or advances or carry out any appraisal function for purposes of opening an account or granting of a loan or any other facility except as may be permitted by any

other written law to which the agent is subject; and

(k) be a guarantor to the microfinance deposit-taking institution's clients.

(2) A microfinance deposit-taking institution shall cease all agent banking relations with its agent, if in the opinion of that institution, the agent's licensed business has ceased or significantly diminished.

15. Anti-money laundering and countering financing of terrorism

(1) A microfinance deposit-taking institution shall train its agents on anti-money laundering and combating of financing of terrorism requirements as provided for in the Anti-Money Laundering Act and Anti- Terrorism Act.

(2) A microfinance deposit-taking institution shall set limits for purposes of combating money laundering and terrorist financing.

(3) A microfinance deposit-taking institution shall notify the Bank of Uganda of the limits set under subregulation (2) or any revisions made on the limits.

(4) For the avoidance of doubt, the Bank of Uganda reserves the right to direct a revision of any limits set under subregulation (2).

16. Consumer protection

(1) A microfinance deposit-taking institution granted approval to conduct agent banking under these Regulation shall—

(a) put in place adequate policies and procedures to address financial consumer protection; and

(b) require its agents to conduct business in accordance with consumer protection requirements applicable to the microfinance deposit-taking institution.

(2) Subject to subregulation (1), a microfinance deposit-taking institution shall require—

(a) every transaction to—

(i) be effected in real time;

(ii) have at least two-factor authentication; and

(ii) generate a standard, easily identifiable copy system receipt or acknowledgement with the name of the microfinance deposit-taking institution, the unique identification number of the agent who processed the transaction and a unique transaction reference number;

(b) the agent to clearly display in a conspicuous place at its premises of operation of agent banking—

(i) the signage of the microfinance deposit-taking institution which shall include the responsible parent branch, the agent's unique identification number and the dedicated telephone line through which customers can contact the microfinance deposit-taking institution;

(ii) a list of the services offered and the prohibited activities;

(iii) a written notice that no charges or fees are levied at the agent location; and

(iv) all fees and charges imposed on services or products under agent banking;

(c) the agent to avail for inspection key facts documents for products which are being advertised or offered through the agent;

(d) complaints to be handled by the microfinance deposit-taking institution in an appropriate and effective manner, such that—

(i) information about procedures for handling complaints is easily available at an agent's location or its outlet;

(ii) every agent is trained on receiving complaint and handling their resolution or escalation;

(iii) a dedicated toll free telephone line for complaint resolution is provided; and

(iv) all records are kept for each complaint lodged; and

(e) the agent to uphold the privacy and confidentiality of customer information and data.

(3) Subregulation (2)(e) shall apply to the microfinance deposit taking institution.

PART IV— SUPERVISION OF AGENTS

17. Supervision

(1) A microfinance deposit-taking institution shall require all its agents to comply with these Regulations and other relevant regulatory provisions.

(2) Notwithstanding subregulation (1), the Bank of Uganda may—

(a) request for any information from an agent at any time where it deems it necessary;

(b) carry out an examination of an agent;

(c) appoint an appropriate professional at the cost of the microfinance deposit-taking institution, to conduct a special audit on an agent banking service;

(d) direct an agent to take any action or cease from any conduct that the Bank of Uganda deems necessary;

(e) direct the termination of an agency agreement or closure of an agency business as it deems fit; or

(f) direct a microfinance deposit-taking institution to take measures against an agent.

18. Reporting and notification requirements

(1) A microfinance deposit-taking institution shall provide monthly reports to the Bank of Uganda on its agent banking operations as specified in Schedule 3 to these Regulations.

(2) Unless otherwise advised by the Bank of Uganda, a microfinance deposit-taking institution shall notify the Bank of Uganda at the end of every month of—

(a) new agents;

(b) new outlets of agents providing agent banking;

(c) exited agents and outlets; and

(d) any changes made to particulars of each agent in Form 3 prescribed in Schedule 2 to these Regulations.

PART V — MISCELLANEOUS

19. Remedial measures and administrative sanctions

(1) Where the Bank of Uganda determines that a microfinance deposit-taking institution is not in compliance with these Regulations, it may impose any or all of the corrective actions prescribed in Part V of the Act.

(2) In addition to the remedial measures prescribed in subregulation (1), the Bank of Uganda may impose any or all of the following administrative sanctions with regard to a microfinance deposittaking institution that fails to comply with these Regulations—

(a) suspension of establishment of new agent locations;

(b) prohibition from engaging in any further agent banking; or

(c) any other sanctions as the Bank of Uganda may deem appropriate.

20. General offence

A person who contravenes the provisions of this regulation commits an offence and is liable, on conviction, to a fine not exceeding two hundred fifty currency points or imprisonment for a term not exceeding two years or both and in case of a continuing contravention, an additional penalty not exceeding fifty currency points in respect of each day on which the offence continues.

SCHEDULES

SCHEDULE 1

CURRENCY POINT

Regulation 3

A currency point is equivalent to twenty thousand shillings.

SCHEDULE 2
FORMS

Regulation 4(2)

THE MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (AGENT BANKING) REGULATIONS, 2025

APPLICATION FOR APPROVAL TO CONDUCT AGENT BANKING

PART I: GENERAL INFORMATION

1. Name of Microfinance Deposit-Taking Institution: ____________

2. Contact information

a) Postal address and telephone numbers:

b) Physical address:

c) Building:

d) Street:

e) District:

f) Division:

g) Town:

h) City:

PART II: PROPOSED AGENT BANKING NETWORK INFORMATION

3. Regional agent network information

Region Number of agents

1.		
2.		
3.		
4.		
5.		

4. The key services to be rendered through agents

____

____

5. The proposed technology platform to be used in operating agent banking

____

____

6. Description of the agent selection procedures and proposed date of commencing operations

____

____

____

(attach the detailed selection policy and agents operational guidelines)

7. The following shall be attached to the application—

(1) A detailed strategic plan of not less than one year.

(2) A copy of the agency agreement.

(3) The risk management frame work.

Signed for and on behalf of

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....

Applicant Name:

....

Signature:

....

Title:

....

Dated at ....this................ day of........................ 20

FORM 2

Regulation 6(3)

AGENT SUITABILITY ASSESSMENT FORM

Name of Microfinance Deposit-Taking Institution

Month

Suitability Criteria	Details of your suitability findings and means of verification Agent fulfills criteria (yes/no)	Agent fulfils criteria (yes/no)
Name of agent: Address: Business entity:		
Negative information from the credit reference bureaus or gathered from other sources		
Any criminal record in matters relating to finance, fraud, honesty or integrity		
Reputation (based on references from at least two people of good social standing hailing from the same locality as the person and who have known the person for at least three years, for instance, LC 1 or LC 2)		
Business or work experience		
Sources of funds		
The business track record of the entity in the last three years where applicable		
Any other matter which negatively or positively impacts on the person		
Overall assessment: person suitable to perform agent banking? (yes/no)		

Name:

Position:

Signature:

Date:

FORM 3

Reg. 18 (2) (d)

AGENT NOTIFICATION FORM

To be submitted by the 10th of the following month

Name of Microfinance Deposit-Taking Institution:

Month:

Part 1: New Agents or Outlets

Name of Agent or Outlet	Unique ID No.	Place of business	Village located	LC1	District	GPS co-ordinates	P.O. Box (if available)	Telephone	Licensed business	Agent Banking Services Provid-ed	Parent Branch

Part 2: Exited Agents or Outlets

Name of Agent or Outlet	Unique ID No.	Place of business	Village located	LC1	District	GPS co-ordinates	P.O. Box (if available)	Telephone	Licensed business	Agent Banking Services Provided	Parent Branch	Reason for exit

Part 3: Change of Agent Location

Unique ID number	Pre-vious location	New lo-cation	Village located	LCI	District	GPS co-ordinates	P.O. Box (if available)	Telephone	Licensed business	Agent Banking Services Provided	Parent Branch	Reason for relocation

Name:

Position:

Signature:

Date:

SCHEDULE 3

Regulation 18 (1)

Agent banking operations

To be submitted by the 10th of the following month

Name of microfinance Deposit-Taking Institution:

Month:

Total number of active agents	
Number of new agents signed up during previous month	
Number of agents exited during previous month	
Number of branches serving as parent branches for agents	
Number of agents attached to each parent branch	
Number of transactions processed by agents	
Total value of transactions processed by agents	
Average size of transactions processed by agents	
Total value of deposits taken by agents	
Total value of withdrawals from agents	
Total number of fund transfer/payments processed by agents	
Total number of accounts opened through agents (in reporting period)	
Transactional limits (specify) –	
a) Frequency	
b) Values (UGX)	

Suspicious transactions Number Value (UGX)			
Total number of complaints			
Nature of complaints (list all relevant)			
Complaints resolved			
Number, nature and value of fraud			
Number	Nature	Value	
System uptime			

Name:

Position:

Signature:

Date:

MICHAEL ATINGI-EGO,
Deputy Governor, Bank of Uganda

CROSS REFERENCES

Microfinance Deposit-Taking Institutions Act. Cap. 58

Anti-Money Laundering Act. Cap. 118

Anti- Terrorism Act. Cap. 120