

HOW BANKS ARE UNLOCKING GROWTH OF SMEs, FINANCING OPPORTUNITIES

By Vision Reporter

The Uganda Communications Commission (UCC) has urged small and medium-sized enterprises (SMEs) to treat data protection as a core driver of economic growth, resilience, and public trust in the digital era.

SMEs are the backbone of Uganda's economy, contributing over 80% of employment and driving innovation, trade and regional activity. Yet, this sector often faces hurdles in accessing timely and affordable financing, and modern banking solutions necessary for them to scale and thrive.

Traditional lending models often require collateral that many small businesses cannot provide, leaving them excluded from mainstream financing. Over the years, the Bank of Uganda has encouraged commercial banks to address this gap by creating tailored solutions that support SMEs' growth.

Today, banks like NCBA are changing this narrative through alternative credit assessment models. By adopting alternative credit assessment models that evaluate real business performance, cash flow patterns, transaction history, and digital payment activity, NCBA is enabling more enterprises to access financing without relying solely on fixed assets and collateral.

"Many SMEs are thriving businesses but lack traditional collateral. By looking at real business activity and cash flow, we are able to extend credit to enterprises with real growth potential," Mark Muyobo, the chief executive officer of NCBA Uganda, said.

NCBA has designed solutions that meet the specific needs of sectors such as manufacturing, trade, real estate, ICT, transport, energy, education and health. Traders, for example, can access loans aligned to their cash flows, while manufacturers can secure financing through the

Asset Financing Solution that considers the machinery or equipment as the collateral through the Finance Leasing Solution.

NCBA recently introduced the Floorplan Financing Solution that supports dealers in equipment and machinery to import the items up to the shop floor without additional collateral.

At the recently concluded, Annual Bankers Awards, NCBA was recognised as the Asset Finance Bank of the year 2025.

Flexible solutions, including invoice discounting, working capital loans, and value-chain financing, are helping SMEs to manage cash flow, invest in expansion and participate in larger supply chains.

Most importantly, these solutions are based on the customers' cash flows.

Banks are also offering seasonal and cycle-based products, such as temporary overdrafts for schools at the start of academic terms and asset financing for agro-processing businesses. These solutions reduce operational costs and support growth at every stage of the value chain.

Technology is playing a central role in making banking more accessible for SMEs. Digital platforms allow businesses to manage payroll, make payments, monitor finances and apply for loans remotely.

Digital lending services such as NCBA's MoKash, developed in partnership with MTN, have extended credit access even to businesses in remote areas.

"Digital adoption allows SMEs to operate transparently, track their performance, and build a credible financial history, which is critical for future growth," Muyobo noted.

Financing alone is not enough. Banks are now investing in capacity-building initiatives, including mentorship programmes, financial literacy training, and business advisory services to help SMEs strengthen bookkeeping, governance and strategic planning.

"Better-run businesses are not only more competitive, but also lower-risk of borrowing, creating a virtuous cycle of growth and sustainability," Muyobo said.

Special attention is being paid to women- and youth-led SMEs,

which often face additional barriers. Banks like NCBA are providing tailored products and services specifically designed to meet the unique needs of these groups, ensuring fair competition and access to resources.

Beyond financing and capacity building, banks like NCBA are transforming everyday banking into a seamless, empowering experience for SMEs. Through intuitive digital platforms, mobile apps, and integrated payment solutions, business owners can manage accounts, process payroll, pay suppliers, and monitor cash flows with ease, anytime, anywhere.

For an SME seeking to grow, selecting a financial partner committed to their development is critical. The optimal partner combines sector-specific financing, digital innovation, and capacity-building support, to enable businesses overcome systemic challenges, scale efficiently, and participate fully in Uganda's economic transformation.



Muyobo