



Individuals and corporate or business account holders will from January 1, 2027 face new Bank of Uganda limits on over-the-counter withdrawals, capped at Shs50 million daily for individuals and Shs500 million for businesses, as the central bank pushes adoption of digital payment channels. PHOTOS / FILE

Court.

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Bank of Uganda (BoU) has introduced new limits on over-the-counter cash withdrawals, capping daily withdrawals by individuals at Shs50m and by businesses at Shs500m.

The move, in a circular to supervised financial institutions' chief executive officers and managing directors, seeks to accelerate the country's transition towards a digital economy.

The new rules, contained in a circular issued to commercial banks, credit institutions, and microfinance deposit-taking institutions, form part of the central bank's broader strategy to promote cashless transactions and reduce dependence on paper-based payment instruments such as cheques.

Bank of Uganda director of communications Kenneth Egesa confirmed that the circular had been distributed to the chief executive officers of regulated financial institutions to allow them adequate time to prepare for implementation.

"The circular was distributed to the respective chief executive officer to start preparing for the changes ahead of the effective date of January 1, 2027," he said.

Under the new framework, individual account holders will be limited to Shs50m per day and Shs250m per week in cash withdrawals conducted over the counter.

Corporate and business account holders will be allowed to withdraw up to Shs500m daily and Shs2.5b weekly.

Bank of Uganda says the restrictions

BoU caps individual cash withdrawals at Shs50m, businesses at Shs500m

are intended to encourage greater use of digital payment channels, including Real-Time Gross Settlement, internet banking, mobile banking, and other electronic payment platforms.

The central bank argues that a shift away from cash transactions will improve efficiency, strengthen transparency and enhance the security of Uganda's financial system.

The decision comes at a time when digital payments are recording strong growth across the country.

According to Bank of Uganda data, electronic money transactions grew by 28 percent in 2025 to Shs366 trillion, while transaction volumes increased by 17.3 percent to 9.1 billion transactions, highlighting the growing role of digital platforms in everyday financial transactions.

Mobile money continues to drive much of this expansion. In 2025, mobile money transaction volumes increased by 21.1 percent to 301.1 million transactions, while transaction values surged by 40 percent to Shs66.1 trillion.

The number of active customers rose to 36.3 million, supported by an agent

network that expanded by 27.5 percent to more than 1.16 million agents nationwide. The central bank has also moved to reduce interbank cheque limits, further signalling its intention to discourage reliance on paper-based payment instruments.

In the same circular to banking sector

chief executives, the central bank indicated that the maximum value of a shilling cheque has been cut from Shs10m to Shs5m, while the limit for US dollar cheques has been reduced from \$2,750 to \$1,375. Euro cheque limits have been lowered from €2,250 to €1,125, pound sterling cheques from £2,200 to £1,100, and Kenya shilling cheques from KSh300,000 to KSh150,000.

Joseph Lutwama, the Financial Sector Deepening (FSD) Uganda director of research and insights, welcomed the central bank's revised payments strategy, saying it would encourage more Ugandans to embrace digital transactions.

Lutwama said increased use of digital payment channels would help customers reduce transaction costs and lessen reliance on cheque books by cutting the number of cheque leaves required to access funds.

However, he cautioned that the policy could create challenges for individuals and businesses that regularly handle bulky cash payments.

According to Lutwama, withdrawal-related costs could increase significantly for such users, while many peo-

Key highlights

- Under the new framework, individual account holders will be limited to Shs50m per day and Shs250m per week in cash withdrawals conducted over the counter. Corporate and business account holders will be allowed to withdraw up to Shs500m daily and Shs2.5b weekly.
- Last Bank of Uganda has also cut the maximum value of a shilling cheque from Shs10m to Shs5m, while the limit for US dollar cheques has been reduced from \$2,750 to \$1,375. Euro cheque limits have been lowered from €2,250 to €1,125, pound sterling cheques from £2,200 to £1,100, and Kenya shilling cheques from KSh300,000 to KSh150,000.
- The new measures coincide with continued expansion of the digital payments infrastructure, which by the end of 2025, had seen the country's licensed Payment System Operators rise to 30, supporting more than 12,000 institutions, allowing customers to move funds seamlessly between banks, mobile money providers and other financial service providers.

ple who receive large-scale payments still do not have digital accounts, making it difficult to pay large groups electronically. He said the success of the policy would depend on effective coordination among regulators, financial institutions, and other stakeholders.

"These initiatives need to be properly coordinated. Otherwise, they may end up counteracting their intended objectives and create new challenges instead," Lutwama said.

The measures coincide with the continued expansion of Uganda's digital payments infrastructure.

By the end of 2025, the country had 30 licensed Payment System Operators supporting more than 12,000 institutions, allowing customers to move funds seamlessly between banks, mobile money providers, and other financial service providers.

Internet banking has also become increasingly important for high-value transactions. Transaction values processed through internet banking rose by 55.7 percent to Shs163.7 trillion in 2025, reflecting growing adoption among businesses and institutional clients. Debit card and Point-of-Sale transactions similarly recorded steady growth as consumers increasingly embraced electronic payments.

In the circular, Bank of Uganda acknowledged that some sectors, including agriculture and artisanal mining, remain heavily reliant on cash, which will require financial institutions to apply risk-based customer profiling when setting withdrawal thresholds, while exceptional transactions may be considered for waivers subject to regulatory approval and enhanced due diligence.

The new cash withdrawal and cheque limits will take effect on January 1, 2027, following a six-month transition period intended to give banks, businesses, and customers time to adjust.

The latest measures underline the central bank's determination to deepen digital financial inclusion and accelerate Uganda's shift towards a modern, digitally driven payments ecosystem.

Key data

Shs250m

Under the new framework, individual account holders will be limited to Shs50m per day and Shs250m per week in cash withdrawals conducted over the counter.

Shs2.5b

Corporate and business account holders will be allowed to withdraw up to Shs500m daily and Shs2.5b weekly.