# Michael Atingi-Ego: From regulation to growth - Uganda as a regional hub for virtual assets

Keynote address by Mr Michael Atingi-Ego, Governor of the Bank of Uganda, at the Blockchain Summit 2025 "From regulation to growth - Uganda as a regional hub for virtual assets", Kampala, 25 November 2025.

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*As prepared for delivery*

Distinguished dignitaries, colleagues, ladies and gentlemen-good morning.

It is an honour to address this 3rd edition of the Kampala Blockchain Summit. We meet at a pivotal moment for Uganda's financial future, when the decisions we make today will shape the structure, safety, and competitiveness of our economy for decades ahead.

To the Blockchain Association of Uganda: you have gathered us not just to observe innovation, but to shape it. This is not merely the third annual summit. It is the third step in a journey that will determine whether Uganda leads or follows in the digital transformation of finance.

Your theme-"From Regulation to Growth: Uganda as a Regional Hub for Virtual Assets"-asks a defining question: can we embrace innovation with boldness while safeguarding stability with wisdom? These are not rhetorical questions. They require real answers, forged through collaboration between regulators, industry, and the broader public.

We live in a time when a month in digital innovation can alter entire business models. Blockchain sits at the centre of this acceleration. Technologies once considered theoretical-tokenised securities, programmable money, tokenised commodities, and blockchain-based cross-border payments-are now operational in advanced markets. They are reshaping how value is stored, moved, and trusted.

The question for Uganda is no longer whether these technologies matter. It is whether we will be architects of their adoption or mere users of systems designed elsewhere.

## Uganda's Stance: Prudence, Not Hesitation

For years, Uganda has been characterised as cautious toward cryptocurrencies. Let me clarify: our stance has not been hesitation-it has been prudence.

We stated publicly that virtual assets are not legal tender and that participation is at one's own risk. Some interpreted this as conservatism. But what is conservative about protecting millions of citizens from products they may not fully understand? What is obstructionist about insisting that innovation must not outpace consumer protection?

This was not a prohibition. It was a pause-a deliberate effort to build understanding before establishing a clear, enforceable regulatory framework.

During this period, the Bank of Uganda worked collaboratively with fellow regulators and with the Blockchain Association to build technical capacity and study global standards. Through the Financial Sector Stability Forum, a technical working group was formed to assess use cases, risks, and mitigation measures across the sector. And just weeks ago, the Financial Intelligence Authority concluded a comprehensive national risk assessment of Virtual Assets and Virtual Asset Service Providers.

## What the Risk Assessment Shows

Let me share its key findings.

Virtual assets in Uganda present significant risks-stemming primarily from limited customer due diligence, weak governance structures, and an informal "shadow" system operating without oversight.

One data point stands out: 84.5% of virtual asset activity in Uganda occurs on decentralised platforms, far above the Sub-Saharan average of 63.8%. This means most Ugandan users operate in environments where supervision is technically challenging and consumer recourse is practically nonexistent.

Stablecoins are widely used for remittances and cross-border payments. Their appeal is understandable-but their implications are serious. They carry foreign exchange risks and create monetary substitution, where Ugandans hold value in foreign-pegged digital instruments rather than the Uganda Shilling. These issues are too consequential to ignore.

The message is clear: regulatory uncertainty is no longer tenable. But equally, outright prohibition is neither desirable nor effective.

History shows that bans do not eliminate demand-they drive activity underground, amplify consumer risk, and remove opportunities for oversight. Kenya learned this before passing its recent comprehensive virtual asset legislation. Innovation did not stop; it simply moved out of sight, increasing fraud and reducing transparency.

Uganda must not repeat that experience.

## Learning From Kenya: A Regional Turning Point

To understand our path forward, it is useful to examine developments among our neighbours.

On 4 November 2025, Kenya commenced implementation of the Virtual Asset Service Providers Act-a landmark achievement for financial regulation on the continent.

Kenya's experience offers three key lessons:

First, comprehensive virtual asset legislation is achievable in an African context. Capacity, political will, and coordination are not barriers when national interest aligns behind clear objectives.

Second, Kenya adopted a functional regulatory model. The Central Bank oversees virtual assets used for payments; the Capital Markets Authority supervises investment-related virtual assets. This recognises a simple truth: identical technology can produce different economic risks.

Third, Kenya provides clarity. Nine categories of virtual asset activities-from exchanges to custodial wallets to tokenisation platforms-are explicitly licensed and supervised. Clarity has replaced guesswork, giving legitimate businesses a roadmap, consumers protection, and regulators real tools.

Kenya's journey also highlights the cost of delay: years of grey-zone activity produced underground transactions, consumer losses, and limited visibility for authorities. Uganda faces the same risk unless we act decisively-and soon.

## The Path Forward for Uganda

Our goal is not to choose between innovation and stability. Our goal is to achieve both through proportionate, well-calibrated regulation aligned with global standards and regional realities.

Uganda's regulatory framework must rest on six foundational pillars:

1. Licensing and Fit-and-Proper Standards

Only qualified, trustworthy providers should operate. Licensing must apply to both institutions and key personnel, with ongoing assessments of integrity, competence, governance, and capital adequacy.

2. Client Asset Protection

Providers must segregate client assets, maintain adequate capital, and prevent the use of customer funds for proprietary trading. Global failures-from Mt. Gox to FTX-underline the cost of weak safeguards.

3. AML/CFT Compliance

The FATF Travel Rule, suspicious activity reporting, and full transparency are essential. The FIA must have real-time visibility into virtual asset flows.

4. Cybersecurity and Operational Resilience

Because these assets exist only digitally, cybersecurity is not optional-it is existential. Requirements must include cold storage, independent audits, and tested business continuity plans.

5. Market Integrity and Conduct

Protection against wash trading, pump-and-dump schemes, misleading advertising, and rug pulls is essential to building a fair market.

6. Transparency and Data Reporting

Regulators require real-time, read-only access to transaction data. Aggregated market information should be published to support research, policymaking, and public trust.

These pillars are not theoretical. They are the backbone of every jurisdiction that has safely integrated virtual assets into its financial system.

Who Should Regulate?

Regulatory architecture is not a footnote-it determines effectiveness.

We should learn from Kenya's model: a clear division between the BoU (payments) and the Capital Markets Authority (investments), with the Financial Intelligence Authority integrated to strengthen oversight and risk management-all coordinated through the Financial Sector Stability Forum.

Effective coordination will require clear mandates, memoranda of understanding, joint supervisory teams, and dispute-resolution mechanisms.

Regulation succeeds not when one institution does everything, but when every institution does what it does best.

## The Role of Sandboxes

Uganda already operates regulatory sandboxes through the Bank of Uganda and the Capital Markets Authority. These offer controlled environments for testing innovations, assessing risks, and informing regulatory design.

I encourage innovators and financial institutions to make active use of these sandboxes. This is how we learn before we legislate-and how we design rules grounded in experience, not speculation.

## Direct Appeal to Stakeholders

Allow me to speak directly to all groups represented here.

**To industry:**
Engage constructively. Share expertise. Embrace regulation as the foundation of sustainable, trustworthy businesses.

**To regulators:**
Build capacity, avoid reflexive rule-making, and coordinate tightly. Regulation must be rigorous, proportionate, and evidence-based.

**To consumers:**
Be vigilant. Avoid guaranteed-return schemes. Invest only what you can afford to lose-but remain open to opportunities that emerge under a safe, supervised framework.

**To international partners:**
Support us with training, technology, and expertise-while respecting Uganda's context and capacity.

## The Uncomfortable Question We Must Confront

Returning to today's theme, "From Regulation to Growth: Uganda as a Regional Hub for Virtual Assets," there is a pressing question that should keep us awake at night and fuel our urgency at this summit: How can Uganda position itself as a regional leader in virtual assets when Kenya is already ahead of us?

This is not a question I pose lightly. The conference theme speaks boldly of Uganda as a regional hub. But let us be honest about where we stand.

Kenya has comprehensive legislation. We are still developing ours.

Kenya has begun licensing its first virtual asset service providers. We have none.

Kenya has regulatory clarity that allows businesses to plan, consumers to participate with protection, and regulators to supervise effectively. We are still building that clarity.

So I ask you-all of you in this room, whether you represent industry, civil society, academia, or government-what will Uganda's competitive advantage be? What will we offer that Kenya does not? How will we differentiate ourselves? Why would a virtual asset firm choose Kampala over Nairobi? Why would international investors look to Uganda as their gateway to East Africa when Kenya has already opened its doors?

These are not rhetorical flourishes. These are strategic questions that demand concrete answers. The answer is not simple. It will not happen automatically. It will not happen just because we declare it as an aspiration.

At this moment, as a regulator, I dare say that Uganda becomes a regional hub by:

- Moving deliberately but urgently to implement comprehensive, high-quality legislation
- Investing heavily in world-class supervisory capacity
- Specialising in areas of comparative advantage
- Building a complete ecosystem of talent, infrastructure, and expertise
- Positioning ourselves strategically within regional integration frameworks
- And above all, by refusing to accept that being second to legislate means accepting permanent second-tier status

Kenya has shown what is possible. Now Uganda must show what is achievable with intelligence, determination, and strategic focus.

This conference asks whether we can move from regulation to growth, whether Uganda can become a regional hub. I am here to tell you: yes, we can. But only if we confront honestly where we are, only if we think strategically about differentiation, only if we move with urgency and quality simultaneously, and only if every stakeholder-regulator, industry, academia, civil society-commits to this vision with concrete action, not just aspirational rhetoric.

Our goal is not to choose between innovation and stability. Our goal is to achieve both through proportionate, well-calibrated regulation aligned with global standards and regional realities. That is my take on this vital topic – what is yours?

## Conclusion

The choices we make today will define Uganda's digital financial landscape for a generation. We have strong institutions, political will, committed stakeholders, and a clear regional example next door.

Uganda does not need to follow. Uganda is ready to lead-by building a regulatory framework that protects consumers, supports innovation, strengthens stability, and positions our country as a responsible virtual-asset hub for Africa.

Let us build a digital financial future worthy of Uganda's talent, creativity, and ambition.

Thank you, and God bless.