**Financialization and Political Economy of Financial Regulation in Uganda**

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**Abstract**

Firstly, in this present paper, empirical evidence obtained after employing generalized least squares technique on the relevant sample data for Uganda over the 1970 to 2016 period, shows that financialization had adverse effect on economic growth. Secondly, in Uganda during the sample period, deregulation (represented by exchange rate depreciation) enhanced financialization. Thirdly, financialization depressed investments in the country because a large fraction of investments could have been diverted away from the real sector to the financial sector. Fourthly, financialization had positive and significant effects on inflation, quantity of foreign exchange and balance of payments deficit. Lastly, empirical evidence indicates that financialization was as a result of increase in exchange rate and gold reserves, monetization of the economy, imports and movements in household disposable income relative to GDP. Results in the paper suggest the following recommendations: control of financialization through macro prudential financial regulation, reduction of balance of payments deficit, undertaking more investments in directly productive areas and control of the relative movements in disposable household consumption relative to GDP.