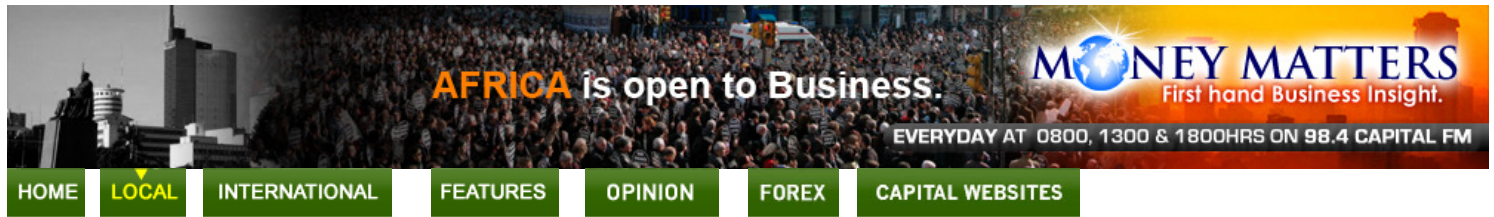


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### Kenyan chamas should think business, says expert

BY MICHAEL KARANJA

Updated 1 hours 47 minutes ago

**NAIROBI, Kenya, Mar 23 - Weak governance structures as well as lack of formal management compositions have been identified as the main deterrent of growth for investment groups in Kenya.**

Origins Investment Group Advisors (Origins IGA) Chairman Tony Wainaina said on Tuesday that most investment groups lack plans which limits the level of growth they can achieve as no goals are set out.

Coupled with this, Mr Wainaina said, most are run as social clubs arguing they have to draw a distinction with the business aspect of the group if they are to view themselves as key players in the economy.

"What most do which is a mistake is to try and do both spending most of the time discussing social issues rather than business," he said.

According to Mr Wainaina, one out of every three Kenyans forms part of an investment group with the groups controlling as estimated Sh60 billion.

"It is the largest yet most fragmented and unorganised pool of savings and investments and that needs to change," he said. He recommends creation of synergies amongst groups to ensure the properly utilise their money.

The challenge in Kenya has been getting people to change the mindset from ordinary 'Chama' to an income generating entity.

According to Origins IGA, in the early development stages of investment groups, meetings and contributions are made irregularly. The group also meets in large numbers making it hard to make decisions.

If they make it past a five-year mark, they move into the mid level, where members get more serious starting by listing their group as a company, and drawing up a management charter. Defined management and governance structures are employed setting the stage for investment projects.

Past 10 years, the group becomes a fully-fledged institution with directors and managers running its affairs as opposed to shareholders. It concentrates its efforts on high-risk, high reward projects such as company buy outs or investing in the stock market.

"It is very important to draw the distinction especially if they are going to consider themselves as key players in the economy," he said.

He was speaking during the re launch of the Bank of Africa Chama Account in Nairobi. The bank's Head of Commercial Patrick Mokaya said the remodeled account would offer investment groups with an opportunity to make monthly savings while earning a high rate of return and accessing up to three times the group's savings in loans.

It also doubles up as a current account which gives the group an opportunity to handle day-to-day running while at the same time saving up for future projects.

"We launched it over a month ago and we have registered thirty new groups bringing the total to close to 80 investment groups with renewed interest into the products," Mr Mokaya said.



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