

Options for low-income earners

BY JOAN MUNYVA

A recent investment forum organised by a local church to enlighten Nairobi's Kawangware residents about investment showed that low-income earners are yearning for investment opportunities that could suit their income brackets.

Many participants wanted to know more about the stock market and whether the capital market would one day open up to them.

As much as the appetite for investment among Kenyans has grown in the last few years, low-income earners continue to be sidelined in investment vehicles that suit them. Rarely do you hear about them being the target group among investment banks or the growing unit trusts portfolio.

Capital markets

Microfinance institutions (MFIs) seem to be the only ones championing the crusade to have more low-income earners bank and even save for a rainy day. Many people now operate savings accounts with microfinance institutions and obtain small loans from them to start their small businesses.

Mr Perminus Wainaina of Concept Advisory Services, a financial and investment consultancy company, says opportunities are available for low-income earners at the capital markets. He explains that one can buy a minimum of 100 shares of any listed company at the Nairobi Stock Exchange.

This means that one will need Sh700 and Sh32,000 for the lowest and highest priced shares respectively. For individuals who desire to operate on their own, they can devise a method of saving a portion of their earnings until they get a sizeable amount to take to the Nairobi Stock Exchange (NSE).

The best way would be to use a savings account where one gives himself a limit of how much to put in and later redirect to the NSE. For example, with an income of Sh10,000, one could decide to save Sh500 every month and after four months buy shares.

He says low-income earners can also join and operate a savings product as a group and later re-invest at the market. For instance there are MFIs which are encouraging their clients to come together and save and later be advanced loans for business.

INVESTMENT OPPORTUNITIES

- MFIs are banking low-income earners
- One can transact a minimum 100 shares of any NSE-listed company
- Low-income earners can operate a savings product as a group and re-invest in the market
- Unit trusts are becoming more affordable

"The same could be done for low income earners who have formed an investment group and would like to invest at the stock market," he says.

Wainaina praises MFIs for introducing such groups' saving concept, where low-income earners come together and contribute towards a savings programme either weekly or monthly.

Micro insurance, another new concept in the market mainly targeting low-income earners and their businesses, is also gaining popularity. Wainaina says such products are making big market players shift their focus by lowering some of their charges and introducing low minimum requirements of Sh500 for products such as savings accounts.

Unit trusts

These are clear notions that lower income earners have also come to appreciate what their "little" money can do for them, an idea that those in the capital market could also introduce.

Until the KenGen IPO, where most local retail investors are said to have made a killing, the stock and capital market for that matter was seen as a rich man's playground but this had gradually changed, Wainaina notes.

For example, there was a time when an investor needed about Sh500,000 to invest in unit trusts. But over the last two years more companies are offering unit trusts and the market has seen the minimum entrance fee reduced.

"With cutthroat competition among the various fund managers, we have seen some of them reducing the fee to Sh100,000," says Wainaina. As more people become

aware, the providers will be forced to cater for their particular market segment. At Zimele Asset Management, the company has a unit trust

product whose product is Sh5,000.

He says the opportunities are there for fund managers, insurance companies to open

up for lower income earners. Currently, a huge segment is not serviced with the above products. The providers should strive to cater for this

market by lowering their entry amount and charges that are perceived to be way out of reach for common persons.



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INAUGURATION OF THE UNIVERSITY, INSTALLATION OF THE CHANCELLOR AND 1ST GRADUATION CEREMONY ON FRIDAY 4TH JULY, 2008

Masinde Muliro University of Science and Technology wishes to inform all stakeholders, the public and all candidates who qualified for conferment of degrees in the 2006/2007 academic year and for award of certificates and diplomas in the 2004/2005, 2005/2006 and 2006/2007 academic years that inauguration of the University, installation of the Chancellor and the 1st graduation ceremony will take place on Friday 4th July, 2008 starting at 8.30 a.m. at the graduation square.

All guests and graduands are requested to be seated by 8.00 a.m.

CLEARANCE OF GRADUANDS

All graduands are advised to clear with relevant offices from Thursday 26th June, 2008 to Wednesday 2nd July, 2008 between 8.00 a.m. and 5.00 p.m. daily.

Note that all graduands are required to clear.

GRADUATION FEES

All graduands are required to pay a non-refundable graduation fee of Ksh.2,500/= (two thousand five hundred shillings only) in any of the following accounts - KCB Kakamega Branch 243-690-410 or Co-operative Bank Kakamega Branch 011293399900 or Barclays Bank Kakamega Branch 1001438 by latest Monday 30th June, 2008.

ACADEMIC DRESS

All graduands will be required to be in academic dress during the ceremony.

The academic dress will be available for hire from Thursday 26th June, 2008 to Thursday 3rd July, 2008 at Ksh.500/= (five hundred shillings only) for certificate and diploma graduands, Ksh.1,000/= (one thousand shillings only) for bachelors degree graduands and Ksh.2,000/= (two thousand shillings only) for masters degree graduands. The academic dress must be returned to the University on or before Monday 14th July, 2008. A penalty of Ksh.100/= (one hundred shillings only) per day will be surcharged to those who do not return the dress by the indicated date.

REHEARSAL

Graduands MUST attend the rehearsal at the University graduation square on Thursday 3rd July, 2008 at 10.00 a.m.

ALUMNI ASSOCIATION MEETING

Alumni include certificate, diploma and degree graduands. Alumni meeting will be held on rehearsal day in the University auditorium at 2.30 p.m.

INVITATION CARDS

Each graduand will be issued with three (3) invitation cards for his/her guests after clearance.

ACCOMMODATION

All graduands and invited guests should make their own arrangements for accommodation.

ENQUIRIES

For more information, please contact the offices indicated below and the University website:

Special invited guests to contact:
Registrar (Planning
Research and Extension)
Tel: 056-30025

Graduands, Parents/Guardians, to contact:
Registrar (Academic Affairs)
Tel: 056-30873

REGISTRAR, ACADEMIC AFFAIRS