ICIFA
INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

INVESTMENT REVIEW

A JOURNAL OF THE INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

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FEATURE STORY »

Is Kenya Ready for The Third Social Revolution?

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ICIFA is the professional Investment and Financial Analysts' body mandated by law to regulate the Investment and Financial Analysis profession in Kenya, being the only body authorized by law to register and grant practising certificates to Certified Investment and Financial Analysts (CIFAs) in Kenya both in private and public practice under the Investment and Financial Analysts Act (No.13 of 2015).

We are dedicated to providing region-wide network and promoting the role of the profession in the fields of investment and financial analysis, pension funds, asset management, corporate finance, investment and finance training, fund management, financial advisory, wealth management, real estate investment, insurance investment advisory, capital markets operations, and investment banking among others.

ICIFA provides highly skilled, competent, competitive professional expertise in all sectors in the investment and finance industry.

We are globally affiliated to Association of Certified International Investment Analyst (ACIIA) based in Switzerland, the African Securities Exchange Association (ASEA) and the Association of Professional Societies in East Africa (APSEA).

The examination body for Certified Investment and Financial Analysts Examination is KASNEB.

LEGAL MANDATE

The Investment and Financial Analysts Act (No.13 of 2015) provides for the establishment, powers and function of the Institute of Certified Investment and Financial Analysts, for the provision of the examination and registration of certified investment and financial analysts, and for connected purposes.

VISION STATEMENT

To be a global leader in standards of professional ethics, training and research for investment and financial professionals.

MISSION STATEMENT

To provide competent investment and financial professionals by upholding integrity, promoting research and driving innovation in financial markets.

Our Core Values

1. *Integrity*
2. *Accountability*
3. *Professionalism*
4. *Innovation*
5. *Excellence*

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Under The Investment And Financial Analysts Act, 2015

1. To promote standards of professional competence and ethical practise amongst members of the Institute.

2. To promote research into the subjects of the securities and investments and related matters, and the publication of books, periodicals, journals and articles in connection therewith.

3. To promote the International recognition of the Institute.

4. To advise the regulator for the time being responsible for capital markets in respect of licensing investment and financial analysts.

5. To advise the Examinations Board on matters relating to examinations standards and policies.

6. To design and administer an initial ethics and integrity test for the purpose of determining the professional suitability of all its members and to subsequently design and undertake such continuous development programs for its members.

7. To carry out any other functions prescribed for it under any of the other provisions of the Act or any other written law.

Institute of Certified Investment and Financial Analysts

KASNEB Tower II, 5th floor

Hospital Road Upper Hill Nairobi, Kenya

P.O Box 48250-00100

+254 726 498698 | +254 748 174914 | +254 786 994091

info@icifa.co.ke | membershipservices@icifa.co.ke

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"We exist to promote standards of professional competence and ethical practise."

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PUBLIC NOTICE

ICIFA wishes to alert the public of the following Investment and Financial Analysts Act No. 13 of 2015 Amendments in the Statute Law (Miscellaneous Amendments) Act, 2020 enacted on 11 December 2020.

section 18(1)(e):	**Delete the word "public".**
	Delete the phrase "a securities and invest ment" and substituting therefore the phrase "investment (including securities) and financial".
section 20:	**Insert the following new subsections immediately after subsection (1) –**

"(1A) A person shall not become a Chief Investment Officer, or head of an investment department or function in a firm investing public funds, or a firm in the practice of investment and financial analysis, unless the person is registered as a certified investment and financial analyst and holds a practicing certificate and an annual licence issued by the Registration Committee."

"(1B) A person shall not perform verification, certification and advice of investment of funds in public entity, or a firm in the practice of investment and financial analysis, unless the person is registered as a certified investment and financial analyst and holds a practicing certificate and an annual licence issued by the Registration Committee.

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ICIFA COUNCIL

P.O. Box 48250- 00100 5th Floor, Kasneb Tower II, Hospital Road | Upper Hill , Nairobi Kenya
E- mail: info@icifa.co.ke, membershipservices@icifa.co.ke
Telephone (+254) 726 498698 , Website: www.icifa.co.ke

WORD FROM THE C.E.O

FA Diana Muriuki - Maina

Dear Reader,

It is my pleasure to present to you the 7th issue of the ICIFA Investment Review Journal, themed ***'Future of Fintech and Artificial Intelligence in Kenya's Investment Industry'***.

The articles published in this issue seek to support the importance of innovation and technology in the future of Kenya's Investment industry.

The theme also aligns to our 2nd International Investment Conference that aims to foster the need for digital skills and services among Investment and Finance professionals. We believe that this move has the potential to maximize investor returns under the prevailing Covid-19 economic situation.

Also in this issue, we highlight the 1st Fellowship and Commendation Award Ceremony of the Institute, in which Full members of the Institute in good standing who have rendered exemplary service to the Institute and the Financial & Investment Services industry were recognized.

We have also included some of the professional development activities held up to March 2021. The recorded webinars and other training modules are available on our training portal via ***https://training.icifa.co.ke/***

I wish to thank my team, the Education & Research Committee for their valuable input and support during the preparation of this issue and also the authors who submitted their articles for publication.

We hope that you enjoy reading this issue and find the articles informative.

FA Diana Muriuki-Maina
Chief Executive Officer

IS KENYA READY FOR THE THIRD SOCIAL REVOLUTION?

FA Moses Ananga

Since the 17th century, the world modernization has faced at least three societal revolutions. The current information revolution is a successor to the industrial revolution, which followed the agrarian revolution in the 19th century.

It's no longer a fallacy that technology is set to play a pivotal role in every sphere of our lives. Today we have created smart gadgets of all sorts, from watches, television sets, mobile phones and internet of things. Innovation of algorithms in computing has been a game-charger in this technological revolution.

It's the application of algorithms in computing that has birthed **Artificial Intelligence** (AI), also known as **Machine Learning (ML)**.

Towards end of the last decade, there has been concerted efforts to employ AI in most routine activities such as invention of self-driven vehicles, biometric recognition ***(facial, thumbprints and voice), and robotics*** among others.

Achievements in this field have made what was viewed as mire dream in the last century to become a reality.

At the heart of information revolution is the desire to make machines smart, in simple terms – machines that can "think".

This means they can make logical decisions, such as choosing appropriate option given

FinTech: Notable Changes and Developments in the Financial Sector in Kenya

alternatives. Algorithms enables machines to process huge data at high speeds and yet deliver accurate output.

While the application of AI/ML has gained currency in the manufacturing industry, it has been adopted to a lesser extent in the financial industry.

Some of the factors that have caused this sluggish adoption include risk inherent in the process among other issues discussed later in this article.

Despite this, the financial sector has recorded remarkable strides towards AI such as block chain technology, mobile money innovation, electronic funds transfer and cheque truncation, to name a few.

Going by the past developments, we may be witnessing a turning point of the financial markets as we know them now. To a financial market that is fully digitized, automated processes, decentralized and more liberal in terms of regulation.

Kenyan Investment Scene

When the scene is over and curtains fall, the writers of history will definitely inscribe a chapter on Kenya's contribution to the revolution's arena.

Kenya has been in the forefront in not only adopting innovations but also in becoming the silicon savannah in Africa with cutting edge innovations especially in the Financial Technology (FinTech).

The world over, M-Pesa mobile money transfer run by Safaricom has been recognized for the remarkable performance of as one of the pioneers in the mobile funds transfer business.

Other notable changes in market include dematerialization of share certificates, introduction of online trading at Nairobi Securities Exchange (NSE), listing of government bonds on Automated Trading System (ATS), just to name a select.

May that as may be, the Kenyan investment industry is largely dominated by fixed- income securities especially short-term securities in bank certificates and government securities.

The capital markets of equities and alternative investments face a daunting task of attracting local investors in large numbers to marshal the surging influence of foreign investors.

On the other hand, the alternative investments sector is dominated by real estate assets with derivatives being a lull since its launch.

Digitization of payments – with block chain technology is growing in popularity.

Kenyan Investment Industry is Largely Dominated by Fixed Income Securities

> *It is vitally important for the Investment and Finance profession to embrace diversity.*

Prophesying into the Future

From the above perspective, the investment industry in Kenya can be catalyzed by adoption of AI/ML be the stakeholders. Going into the future, machine learning may be adopted in the following areas.

Firstly, in financial transactions security, we are likely to see more investment and interest in biometric security by market player in use of some new AI developments such as speech, facial, and thumb-print recognition technology.

Secondly, digitization of physical payments – with block chain technology growing in popularity, the current decade will most likely see replacement of cheques payment and cash. In addition, the mobile banking and internet banking is geared to become a key avenue in delivery of funds transfer services.

Thirdly, in credit rating services, it will be easier to access clients' credit ratings as we increase data collection and processing capabilities thus making lending and insurance policies client-customized.

Fourthly, digitization of Government processes. Going by the past phase of Kenyan government's adoption of technology, we are poised for a more digitized process.

For instance, I can predict with some reasonable certainty that land registry and titling will become paperless in the next 2 years.

Fifthly, regulatory compliance will be forced by market dynamics to go digital. With most businesses adopting technology, regulators in the investment and financial sectors, will benefit to a great extent if the invest in AI. AI offers regulators the ability to detect frauds by flagging outlier activities in the market.

Kenya is Becoming the Silicon Savannah in Africa With Cutting Edge Technology

Lastly, data analysis and vending are a Siamese twin to artificial intelligence. Data vending is set to play a pivotal role in the future, with robo-advising likely to come into play. Moreover, investment in the tech-industry is bound to grow exponentially.

The Fears

Despite the strides and revolutionary impact of FinTech and artificial intelligence, the investment industry in Kenya has been slow in embracing the change. Some of the fears in the adopting the emerging trends are genuine and rightly need to be reassessed.

AI in most cases is applied in handling issues that have a statistical characteristic that are to a great extent constant.

This factor has made it difficult for application of the technology in the investment field owing to the inconsistent characteristics of data. Data scientists are however looking onto how some of routine processes can be replaced by machines, in what is seen to lie in the FinTech purview.

With increased digitization, there are fears of an upsurge in cyber-crimes and attacks. The security concerns coupled with un-assigned responsibilities brought by reliance of machine learning are issues that need urgent address.

The issue of responsibility and AI arises in situations where the process may produce undesired output. The solution to have personnel monitor the machine constantly negates the need for the technology in the first place.

The opponents of AI adoption in investment industry have cited the opaqueness and inability to detect biasness in reaching to a particular decision, in what has been referred as *'black-box effect'*.

Closely tied to this is reliability of an output due to dependence of the output to quality of data input. This reminds me of the fundamental principal in computing – Garbage In – Garbage Out (GIGA).

The most impediment lies in Government's bureaucracies in terms of policy and oversight role. The requirements of how businesses should operate, restricts stakeholders on how far, for instance they can go paperless.

and consumption is information. Service delivery, where no physical product is moved, the geographical location of the service provider is irrelevant.

Take for instance, a call center in India attends to an American client or using IT to provide consultancy or advisory services to clients operating in different parts of the world. The opportunity will be in Information Technology.

The Enablers

Needless to say, the major disabler – the Government, is the key enabler in ensuring investment markets in Kenya adopt technology and artificial intelligence. There is therefore need for Government and regulators to constantly look out for policies that stifle information revolution with a view of reviewing them.

The future is certain in its demands as far as informational revolution is concerned. This calls for all firms to seek to incrementally improve their processes by adopting FinTech and AI.

RISK MANAGEMENT IN SACCOS

REDUCE RISKS WHERE APPROPRIATE, AND STRIVE TO PREPARE FOR AN UNCERTAIN FUTURE

FA Eliud Migwi, GTBank Kenya Ltd

International Markets

The term SACCO is a household name, very familiar to almost all of us. Most of us have benefited from SACCO products in one way or another. It is estimated that there are over 15,000 SACCOs of which, about 172 are registered deposit taking SACCO according to SASRA supervision report of 2019 with customer base of about ten million.

SACCOs have grown to be a very important vehicle of poverty reduction and economic growth in Kenya. Partly because majority are driven by a cause or a specific problem for the members such provision of agricultural inputs like fertilizers, seeds, services like affordable housing, education credits and other member tailored products. Majority of SACCOs are not driven by profits but uplifting members' status and bettering their lives.

As such members are both customers and investors creating both savings and investments where members get interest on savings and dividends on their investments. Some members have used SACCOs to build businesses, homes and educated their children.

As an important avenue for savings and investments SACCOs have provided customized financial products and mobilized financial resources thereby creating financial inclusion especially in areas not served by commercial banks, microfinance banks, insurance companies and other financial institutions.

Members have used SACCOs to build businesses, homes

According to SASRA SACCOs' supervision report of 2019, on financial sector performance, deposit taking SACCOs (DT-SACCOs) performed better than microfinance banks in terms total assets, total deposits as while as gross loans and advances.

Their total assets were about 557billions, 5.72% of Kenya's GDP. They had mobilized deposits worth 380billions and advanced gross loans of about 420billion.

This contribution was only by DT-SACCOs whose data can be formally collected by SASRA. Over the years, SACCOS are known to contribute to about 35% of gross domestic savings, making them important in social and economic development.

However, like any other financial and investment institutions, SACCOs face numerous risks.

Since the 17th century, the world modeissues that need urgent address.

Definition of Risk & Risk Management

RISKS are defined as *uncertainties on the effects or implications of an event or activity.* It can also be defined as a chance or possibility of a danger, injury or loss (Oxford).

In finance and investments, risk is a chance or a possibility that an outcome or gains will differ from actual outcomes or returns. This can either be positive or negative. Simply put, 'risk is an outcome we never expected'.

RISK MANAGEMENT; *this is a process of identifying, analyzing (measuring), evaluating, treating, monitoring and reviewing risk.* Therefore, the process has five steps namely;

1. Risk Identification

This involves identifying the risks that the SACCO is exposed to. The management should build capacity to uncover, recognize and clearly describe the risks that they are exposed to.

The identified risk should be clearly documented and communicated to all the members of staff. It may require the SACCO to maintain a risk register.

Risk identification is a continuous process and should be done at every project, transaction and portfolio levels.

2. Risk Analysis /Measuring

This involves determining the scope, likelihood of occurrence and possible consequences of the specified risks. The Sacco must be able to determine the scope, nature, links to the other factors and the potential of the risk to affect outcome. The management should be able to map risks to different business processes, policies and procedures especially when a solution to the risk has been reached.

Proper documentations should be maintained to ease future reference. Accurate and timely risk measurement in terms of size, duration and probability of occurrence

How Management Can Create Risk Mitigation Strategies, Preventive, Contigency Plans

is essential to Sacco's effective risk management systems.

3. Risk evaluation

This is also referred to as risk ranking. It is determining the magnitude of the impact caused by a given risks.

This results into such risks being rated as low, medium or high. Low risks may not require a lot of attention while high risk requires timely management intervention.

4. Risk Treatment /Control

This is risk response planning. The main aim is to contain the risk impact or minimize the probability of negative outcome.

Risks can be controlled by being avoided, transferred, modified to acceptable levels and or by placing limits to certain activities. The management should create risk mitigation strategies, preventive measures and contingency plans.

They should balance the expected rewards against risks and expenses associated with the control.

Where risk limits have been established, they should be clearly communicated through standards, policies and procedures with defined accountability, responsibility and authority.

5. Monitor And Review Risks

Certain risks may not be eliminated and will always be with the SACCO e.g., operational, market and environmental risks. SACCOs require professionals that can monitor, track and review these risks from the maintained risk register.

Alternatively, the SACCOs may use technology and maintain a risk management system that can monitor their entire risk framework.

It is a good practice that high risks are reviewed every year, medium risks within three years and low risk within five years.

> Balance the expected rewards against risks and expenses associated.

Common Risks Faced by Saccos in Kenya and Management Strategies

How to minimize credit risks and maximize the SACCOs adjusted rate of returns.

These risks mainly arise from people, customers, processes, technology, market, environment and the economy at large. They include;

- Credit risks
- Liquidity risks
- Operational risks
- Strategic risks
- Regulatory/compliance risks
- Technology

CREDIT RISKS

This is the current or prospective risks/uncertainties to earnings and capital arising from the borrower/counterparty failing to honor payment obligations on a credit/loan.

There are three types; ***default risk, credit spread and downgrade risks***. SACCOs are majorly exposed to default risks arising from loan defaults by members. These may result into the loss of principal and interest, cash flow disruptions and increased cost of collections and credit administration.

Loans to members are usually the largest source of credit risks and SACCOs must manage credit risk inherent to the entire loan portfolio, individual credits and transactions.

The main objective is to minimize credit risks and maximize the SACCOs adjusted rate of returns by maintaining the credit exposure within optimally acceptable limits.

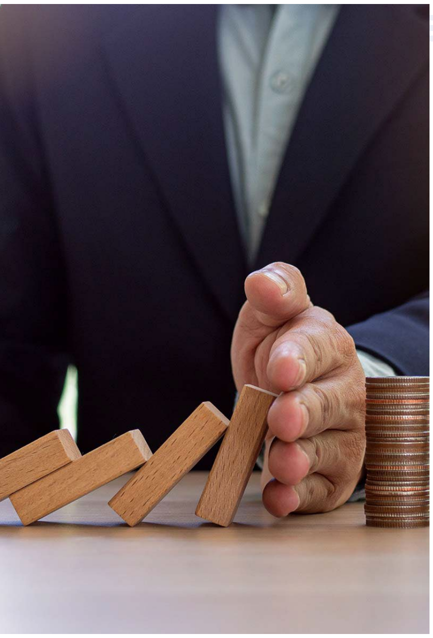
Management must take into account both the quantity and quality of credit risks involved to protect members' savings and improve their earnings.

Some of the major causes of credit defaults in SACCOs include;

- Poor credit policy
- Lack of robust internal credit controls
- Loss of job or income by members/lack of securities
- Poorly assessed loans applications
- Inadequate credit monitoring systems
- Unqualified or untrained senior management team
- Undue influence by management to offer loans to friends and relatives
- Macroeconomic difficulties within the country.

> *Loans to members are usually the largest source of credit risks to saccos.*

Credit Risk Management Strategies



> *It is vitally important for the Investment and Finance profession to embrace diversity.*

SACCOs may adopt below measures;

- Set credit limits for various exposures across various economic sectors and maturities
- Ensure credit limits are well communicated and adhered to.
- The delegation authority and approval levels are well defined
- Ensure loans are properly appraised and approved
- Loans are granted to qualifying members only
- Loans are properly guaranteed before approval and insured against losses
- Senior management team is well trained and capable of managing credit risks
- Internal audit reviews are done timely to assess compliance to credit policy
- Proper records on loans and ecurities are maintained
- Loans are disbursed as per the approval terms and conditions
- Borrowers are timely reviewed, updated and bad loans detected for action
- Conduct thorough KYC, loan purpose, character, capacity, capital, collateral and conditions, (adhere to the 5cs of credit).
- Effective and efficient credit and accounts monitoring and control
- Conduct stress testing for various scenarios to establish if results are within tolerance levels

LIQUIDITY RISKS

Liquidity risk is SACCO's inability to meet its financial obligations when they fall due, without incurring significant costs or loss. If not carefully handled, liquidity risks can result in financial distress, reputation risks or insolvency. Liquidity risks may arise from;

- Loan backlog and defaults
- Financial misappropriations
- Poorly balanced investments
- Poor lending strategies (short vs long term loans)
- Reduced member deposits and high member refunds
- Stiff competition from commercial banks & other financial institutions
- Hard economic environment

SACCOs may adopt below measures to manage liquidity risk

- Put in place clear policies and procedures that set liquidity risks controls
- Set liquidity risk limits according to

Liquidity, Operations and Technology Risks

size, complexity and financial conditions of the SACCO

- Align/map SACCOs inflows to outflows
- Have a well-balanced short-term and long-term investments strategy
- Sensitize members on the need to repay timely and continue savings.
- Promote loan repayments, collections and execute loan recoveries in time
- Have Senior management capable of meeting liquidity ratios and variances timely addressed
- Increase minimum contributions across members if need be
- Promote non-withdrawal limits and avoid pre mature loan clearance
- Fix limits for loans, reduce repayment periods and increase member incubation periods.

OPERATIONS RISKS

These are risks inherent to a business or enterprise and are usually caused by people, processes, systems and external factors. It is the risk of loss associated with failed internal processes, people and systems.

SACCOs must establish an enterprise-wide risk management framework that captures all the operational risk management strategies depending on their risk profile, size, nature, complexity and sector they operate in.

These risks may include fraud, misappropriation of assets, collusion and system failure. SACCOs may adopt some of the below strategies;

- Adequate staffing and training
- Risk transfer by use of insurance and other third parties
- Efficient internal controls and monitoring to ensure compliance to risks limits
- Clear authorizations and approval processes
- Transactions and accounts monitoring and reporting
- Staff rotation and efficient leave management
- Conducting business process mapping and scenario analysis.

How Saccos Must Establish An Enterprise-Wide Risk Management Framework and Strategies

TECHNOLOGY RISKS

These are risks inherent in the SACCOs ICT systems. SACCOs must ensure their ICT systems are secured at all time to achieve confidentiality, data integrity and consistency. Such systems should allow for early risk detection, timely controls and mitigations.

Some of measures may include;

- Ensure access only to authorized users with secure passwords
- Timely and adequate update, upgrade and audit of the systems
- Clear system authorizations and approvals
- Creating system security awareness and trainings
- Define user functionality and ensure adherence
- Vet and verify staff credentials before hiring and engagement
- Use genuine and licensed software and hardware

REGULATORY AND COMPLIANCE RISK

SACCOs must ensure to comply with the established regulations, rules, guidelines, agreements, by-laws and standards.

None compliance may result into fines, license cancellation, lawsuits, reputation risks, loss of market share and panic withdrawals.

CONCLUSION/TIPS

It is important for any SACCO to a have in place effective and adequately trained Board that set sufficient strategies, policies and procedures and ensure their compliance.

Such policies must be adequate, have clear limits and expected returns.

SACCOs must have efficiently working internal audit to check the internal control systems, monitor risks and ensure compliance to policies, procedures and strategies.

SACCOs must have a risk register that is timely, accurately and adequately updated.

They must periodically conduct risk and control self-assessment (RCSA). This can be done for specific department, unit, product and or branch.

> *Non-compliance may result into fines, license cancellation, lawsuits, reputation risks, loss of market share.*

About the Contributor

FA Eliud Migwi is a Full member of the Institute of Certified Investment and Financial Analysts (ICIFA) and serves in the Professional Standards Committee.

CREATION OF POST-COVID RISK MANAGEMENT CONTROLS

FA Emlyn Ngwiri

The use of technology for zoom calls and conferences, school kids learning from home, online shopping for household goods and for some of the people who lost jobs have found new ones online.

The COVID-19 pandemic has perplexed us all with its sudden arrival early last year and the exponential distribution of infections across the globe.

Apart from a sudden global shock and a stalemate in the world's status quo, this pandemic is projected to have enduring fiscal, political and social effects in the years to come.

We are now faced with the dangers of a long-term downturn in foreign and local markets, a rise in protectionism across nations and a deterioration in the morals of the social masses.

As we contend with the scale of the pandemic and subsequent hope that the vaccine has in our lives, organizations need to consider how the environment is going to function after the pandemic spread has subsided and global lockdowns are over.

Elements In A Risk Management Framework

In general, risk management refers to the practice in which risks to the capital, profits and long-term sustainability of an enterprise are defined, measured and managed.

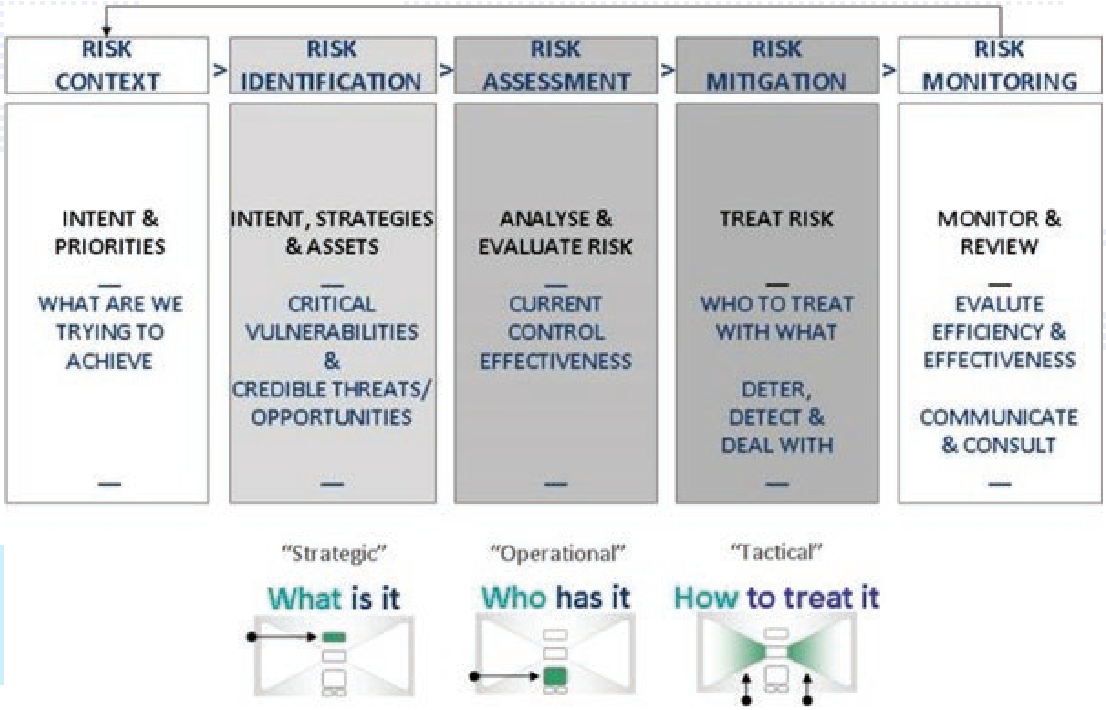


Figure 1: Risk management framework

Source: IBM.com

Many Institutions have divisions depending on their business conditions to handle risks from numerous directions, including financial instability, legal obligations, strategic management mistakes, difficulties in IT security, incidents and natural disasters.

Risk assessment discipline helps companies, before they materialize on a broad basis, to minimize risks and thereby prevent excessive spending post mortem. Credit management, organizational, financial market, IT and consumer risks are conventional risk management systems.

We should expect to see the following evolution in risk control activities in coming years as a consequence of the COVID-19 pandemic as construed by the Professional Risk Mangers International Association (PRMIA):

Digitalization In Risk Management

This is an opportunistic moment for companies within the financial services industry to implement technical advances in risk management systems, such as platforms for real-time business activity analysis and forecasting, versatile investment reporting, and effective audit logging capabilities.

In the past, digital transformation in industries was motivated mainly by cost competitiveness, and this pattern will continue to expand rapidly in the coming years.

The pandemic has exposed

> *The pandemic has exposed the need for cloud-based and remote risk control solutions*

Figure 2: Categories of risk management

Source: PRMIA

Being Innovative and Flexible: Digital Media Training Can Be A New Way To Increase Awareness for Staff and Consumers

the need for cloud-based and remote risk control solutions to ensure that essential risk management work will proceed without interruption in times of financial market disturbance.

Digital governance sessions, the introduction of internet-based tech systems and the use of online log-in resources from home or across various geographical areas are becoming the standard for successful risk management implementation.

Such IT transition allows financial institutions to benefit from economies of scale while being innovative and flexible in their approach to addressing market challenges within their risk appetite.

Digital media training can also be a new way to increase awareness for staff and consumers. This move would allow financial institutions to streamline their risk management capabilities and work on a more cost-effective, long-term basis.

Decentralized and Territorial Risk Assessment Setup

The PRMIA suggests that one of the core lessons learnt by financial institutions in this crisis is that it is vital to have the subject matter knowledge in close proximity and in the same time zone of local business, particularly in times of restricted travel and movement of people.

If the hosting geographical area is affected by a catastrophe like the current pandemic, having few centralized teams for catering to global business operations may prove to be a weak link.

This was apparent in many

> *It will be easier to access clients' credit ratings as we increase data collection.*

manufacturing industries this year, the supply chain of which depended largely on Chinese activities, and the global supply shortages of goods were faced as quarantine steps were taken in China.

It is anticipated that in the coming years, more institutions will develop their risk divisions locally with qualified staff capable of managing risk and enforcement concerns according to local authority and consumer requirements.

Companies who are lagging behind in transitioning to these local talent recruiting initiatives are likely to lose their market to their agile rivals.

New Risk Control Fields Are Emerging

In the past decade, institutions around the globe have been much more conscious of their environment and socio-economic obligation to society. Public health management, corporate social responsibility, and long-term problems in high-carbon manufacturing are being further highlighted by the pandemic crisis.

The recession has made it very clear that developments in one part of the world are directly interlinked with the rest of the world.

Collaborative initiatives by multinational organizations and individual businesses are essential to solve problems as diverse as climate change, environmental health, access to hygienic living environments for everyone, etc.

As part of demonstrating this corporate citizenship action, institutions are supposed to have strong governance on matters of global effect. As a result, we are expected to see new fields of business debates such as successful management of employee health care, participation in constructive sociological projects, use of local

> *Digital media training can be a new way to increase awareness for staff and consumers.*

Risk Assessment Emerging From Disruptive Market Options

The planet has seen the emergence of many new market models during this recession, when conventional business activities have come to a sudden halt.

During the recession, video subscription platforms have developed a large user base in the film sector. Staycation - the idea of spending holidays at or close to home is becoming a common alternative to overseas holidays.

Plant-based diets have also gained attention despite concerns that the consumption of meat products could spark a potential pandemic. During the lockdown, internet transfers, financial market trading, digital finance transfers, cryptocurrency and digital properties acquired mass attention.

PRMIA suggests that established institutions around the world have to integrate the increasing competition presented by these disruptive alternatives.

In order to respond to these changing market trends, it is also an incentive for businesses and institutions to update and develop their operating infrastructure, financing and strategic strategies.

> *"The financial services industry should take this opportunity to develop their risk management frameworks."*

Conclusion

For the COVID-19 pandemic, the year 2020 will definitely be remembered in literature, but it may also be remembered for financial institutions transitioning to the current status quo of doing business and changing risk control techniques.

The financial services industry should take this moment as an opportunity to develop their risk management frameworks and adapt appropriately to new risks brought by the pandemic as part of tackling the downside of a pandemic.

Main improvements may include the digitization of risk management systems, the introduction of a decentralized risk management process to allow for a more devolved risk assessment framework, the creation of evolving risk disciplines such as climate change and impact investing, the modification of risk plans with new customer centric behavior, and risk oversight of disruptive market powers.

Governments, institutions and economies who rise to these risk pressures and seek to strengthen the practice of risk management will eventually be competitive in the long run.

About the Contributor

FA Emlyn Ngwiri is a Full member of the Institute of Certified Investment and Financial Analysts (ICIFA) serves at the Registration Committee of the Institute.

QUARTER ROUND UP

ICIFA 1st Fellowship and Commendation Awards 2021

ICIFA congratulates the following Full Members of the Institute in good standing for the award of Fellowship and Commendation at the 1st award ceremony held on 8 January 2021. The Chief Guest was Hon. Nelson Gaichuhie, Chief Administrative Secretary, The National Treasury and Planning.

FELLOWS OF THE INSTITUTE

Having satisfied the requirements of both the Fellowship and Commendation award, the Council invites the following Full Members in good standing to become Fellows of the Institute. Fellows of the Institute are allowed to use the prefix term **"FFA"** before their name or designatory letters **"FCIFA"** after their name:

REG NO	NAME
FFA/00001	FFA Nguru Muregi Wachira
FFA/00002	FFA Job Kimani Kihumba
FFA/00004	FFA Bob Johnson Karina
FFA/00007	FFA Lazaro Akunga Kimang'a
FFA/00008	FFA Pius Mungai Nduatih
FFA/00009	FFA Dr. George Odhiambo Wakah
FFA/00010	FFA Dr. Jonah Kipkogei Aiyabei
FFA/00034	FFA Erastus Kiringa Gitau
FFA/00277	FFA Jimnah Mwangi Mbaru

ICIFA 1st Fellowship and Commendation Awards 2021

COMMENDATION

Having satisfied the requirements of the Commendation award, the Council commends the following Full members of the Institute in good standing for demonstrating outstanding performance and contribution to the growth of the Institute and the Investment and Finance Profession at large:

REG NO	NAME
FA/00017	FA Catherine Wanjiku Theuri
FA/00020	FA Joseph Ndichu Ndung'u
FA/00021	FA Leah Wanjiru Nyambura
FA/00024	FA Emlyn James Ngwiri
FA/00032	FA Dr. Duncan Elly Ochieng'
FA/00042	FA Margaret Muthoni Kibera
FA/00058	FA William Irari Kamau
FA/00101	FA Solomon Thuo Ngahu
FA/00119	FA Dr. Nicholas Kibiwott Letting'
FA/00133	FA Geoffrey Otieno Odundo
FA/00137	FA Edwin Nyaga Njamura
FA/00212	FA Einstein Kihanda Njuguna
FA/00433	FA Diana Muthoni Muriuki
FA/00440	FA Charity Muthoni Muya

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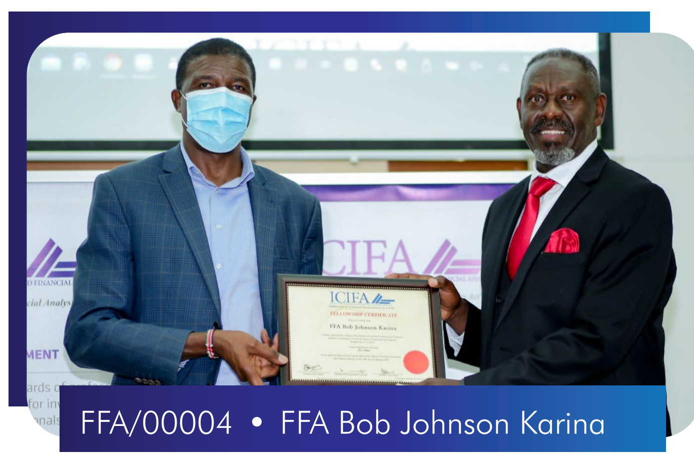

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QUARTER ROUND UP

LIVE WEBINAR

January 28th 2021: Ethical Dilemmas in the Investment and Finance Industry: How to Overcome Them

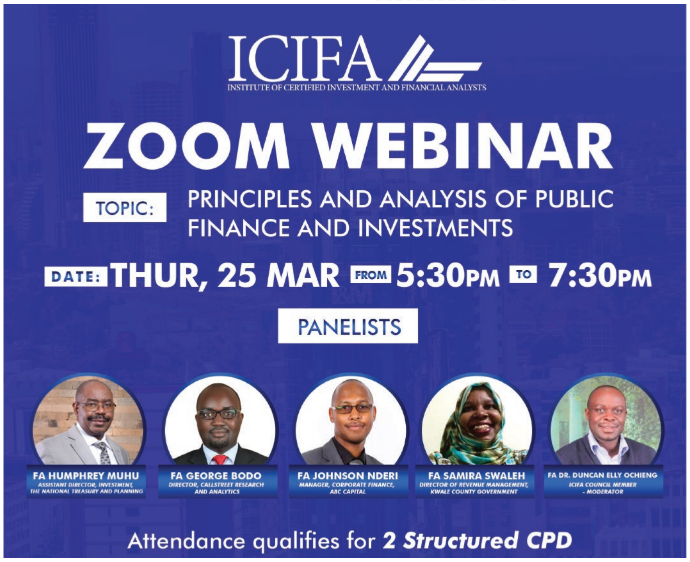
LIVE WEBINAR

February 4th 2021: The State of The Financial Markets in Kenya and the Region: Investment Outlook 2021

QUARTER ROUND UP

LIVE WEBINAR

March 25th 2021: Principles of Public Finance And Investment



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CONTACT US

Institute of Certified Investment and Financial Analysts

KASNEB Tower II, 5th floor

Hospital Road Upper Hill Nairobi, Kenya

P.O Box 48250-00100

+254 726 498698 | +254 748 174914 | +254 786 994091

info@icifa.co.ke | membershipservices@icifa.co.ke

www.icifa.co.ke

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