

# END YEAR JOURNAL

A REVIEW BY THE INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

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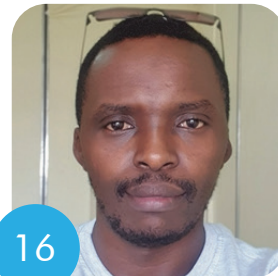
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Member, ICIFA



# WHO WE ARE

## Institute of Certified Investment and Financial Analysts

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 practicing 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

The leading institute for investment and finance professionals.

### MISSION STATEMENT

To promote excellence and professionalism amongst our members and the financial industry.

ICIFA will advance its mission through:

- Enforcing licensing and compliance with the IFA Act, ICIFA code of conduct and all the relevant By-Laws.
- Training of highly skilled professionals for the financial markets.
- Provision of financial advisory and placement services to the financial markets.
- Collaborations and partnerships with other stakeholders in financial markets.

### CREDO

Integrity • Professionalism • Competence



### Our Core Values



**Integrity**



**Competence**



**Innovation**



**Fairness**



**Accountability**

#### 1. Integrity

To uphold transparency and trust in all our dealings with stakeholders.

#### 2. Competence

We expect our members to conduct their activities successfully and efficiently as professional investment and financial analysts.

#### 3. Innovation

We shall be alive to new ideas in order to adapt to the changing environment given the dynamic nature of the financial services industry.

#### 4. Fairness

Fairness in matters of dealing with members.

#### 5. Accountability

We are obliged to account for activities, accept responsibility for our action and conduct our operations in a transparent manner.

## FUNCTIONS OF THE INSTITUTE

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

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Institute of Certified Investment and Financial Analysts



# COUNCIL MEMBERS 2024/25

## ABOUT ICIFA

The Institute of Certified Investment and Financial Analysts (ICIFA) is the only professional body mandated to regulate the Investment and Financial Analysis profession in Kenya. ICIFA registers and licenses 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).

## OUR VISION

The leading institute for investment and finance professionals.

## OUR MISSION

To promote excellence and professionalism amongst our members and the financial industry.



**FA Catherine Karita**  
Chairperson



**FA David Kanyi, HSC**  
Vice-Chairperson



**FA Judith A.M. Nyakawa**  
Council Member Representing  
the Cabinet Secretary -  
National Treasury, the National  
Treasury and Economic Planning



**FFA Prof. Nicholas Letting'**, EBS  
Council Member Representing  
kasneb



**FA Kamunyu Njoroge**  
Council Member Representing  
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**CPA Frank Mwiti**  
Council member representing  
Nairobi Securities Exchange



**FA Elizabeth Irungu**  
Council Member



**FA Anthony Mwithiga**  
Council Member



**FA Purity Kagendo**  
Council Member



**FA Geoffrey Odundo**  
Council Member



**FA Diana Muriuki-Maina**  
CEO & Secretary to the Council



**FA Fred Mburu**  
Council Member

## STATUTORY COMMITTEES



**FFA Dr. Jonah Aiyabei, Ph.D**  
Chairman, Registration  
Committee



**FFA Job Kihumba**  
Chairman, Disciplinary  
Committee



**FFA Lazarus Kimang'a, EBS**  
Governance, Nomination  
and Remuneration Committee  
Chairman



**FFA Dr. George Wakah**  
Chairman, ICIFA College

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## COUNCIL MEMBERS

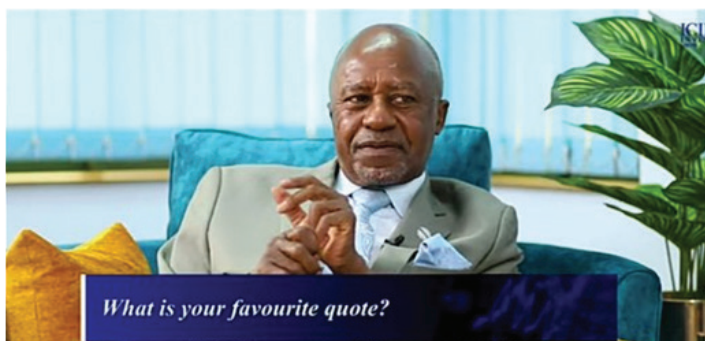
NAME	DESIGNATION
FA Catherine Karita	Chairperson
FA David Kanyi, HSC	Vice Chairperson
FA Judith Nyakawa	Member
FFA Prof. Nicholas Letting', EBS	Member
FA Kamunyu Njoroge	Member
CPA Frank Mwit	Member
FA Elizabeth Irungu	Member
FA Anthony Mwithiga	Member
FA Purity Kagendo	Member
FA Geoffrey Odundo	Member
FA Fred Mburu	Member
FFA Dr. Jonah Aiyabei	Chairman, Registration Committee
FFA Job Kihumba	Chairman, Disciplinary Committee
FFA Lazarus Kimang'a, EBS	Governance, Nomination and Remuneration Committee Chairman
FFA Dr. George Wakah	Chairman, ICIFA College
FA Diana Muriuki-Maina	Secretary to the Council

## REGULATION, STANDARDS AND RESEARCH COMMITTEE

NAME	DESIGNATION
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FA Elizabeth Irungu	Member
FA Fred Mburu	Member
FA Elizabeth Mwanja	Member
FA Boniface Oyunge	Member
FA Dr. Joseph Muchai	Member

## ICIFA SECRETARIAT

NAME
FA Diana Muriuki-Maina
FA Collins Alfayo
FA Sammy Yegon
CPA Cyprian Sila
FA Martin Pule
Caroline Kiruki
Victoria Irungu



Anyone rich or poor can put money aside and let it accumulate, you just have to commit to setting aside a minimum of 10%, and you'll learn to live without it.

FFA Nguru Wachira



# WORD FROM THE C.E.O

FA Diana Muriuki - Maina

Dear Reader,

In this New Year, we would like to welcome you to another issue of the ICIFA Investment Review Journal, the 14th since its inception. The theme of this issue is 'Financial Health Solutions for All: The articles in this issue focus on the role of investment professionals in advocating for sane financial literacy education programs to foster wealth development and to foster a financially healthy population that translates to a prosperous society.

In May 2025, ICIFA held its 8th Annual Conference under the theme "Financial Health Solutions for All" which covered a wide range topics and brought together key actors across the region responsible for financial inclusion, policy formulation, entrepreneurship, and financial planning in the financial services sector, who presented illustrative practices as well as new developments on the topic of Financial Health Solutions for All. These exciting deliberations, past webinar series and other training modules are archived on our ICIFA member portal, <https://portal.icifa.co.ke/login> and also on our ICIFA YouTube channel.

In November 2025, the Institute held the 6th International Conference under the theme "Infrastructure Investments". This is because

Infrastructure investment plays a critical role in sustainable development, and are an essential enabler of economic growth, regional integration, job creation, and improved living standards. Currently, the continent stands at a critical juncture: to close the infrastructure gap and attract meaningful investments that deliver long-term value or sit back and watch other continents thrive and prosper. The session had interactive presentations from notable individuals around the region including HE Ms Lerato Dorothy Mataboge, AUC Commissioner for Infrastructure and Energy, African Union Commission.

I would like to take this opportunity to thank the ICIFA Secretariat, Regulation, Standards and Research Committee and the authors who submitted articles for publication for their invaluable contributions and assistance during the issue's development. On behalf of the Council and Secretariat, I also wish you and your family a merry Christmas and a happy prosperous new year.

We hope you enjoy reading, our 14th issue.

**FA Diana Muriuki-Maina**  
CHIEF EXECUTIVE OFFICER



## MAIN STORY



# THE CURRENT STATE OF FINANCIAL HEALTH: **A STARK REALITY.**

*FA Catherine Gathigia*

## Introduction

In today's rapidly changing economic landscape, the concept of financial health—the ability to manage financial resources to meet day-to-day needs, withstand shocks, and build long-term wealth—has moved from an abstract ideal to an essential cornerstone of individual and societal well-being. Financial health is not just about having a high income or a big savings account; it's about making sound financial decisions, managing debt responsibly, saving for the future, and accessing essential services when needed.

However, for millions of

individuals and families, financial health remains a distant goal. Despite rising awareness of the importance of financial literacy and planning, many people continue to live paycheck to paycheck, with limited resources to navigate unexpected costs, let alone save for the future. The issue of financial insecurity is not only a personal challenge but a societal one, affecting everything from workforce productivity to public health outcomes.

This article explores practical, real-world solutions to address the financial health crisis, focusing on systemic changes and policy reforms

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Despite rising awareness of the importance of financial literacy and planning, many people continue to live paycheck to paycheck.

“



that can make financial security accessible to all. By using evidence-based solutions and drawing from the realities faced by households, we aim to provide a roadmap for creating an inclusive, resilient financial ecosystem.

## The Current State of Financial Health: A Stark Reality

Despite the growing push for financial wellness, the financial health of U.S. households remains alarmingly precarious. A 2022 report by the Financial Health Network revealed that 58% of Americans are financially unhealthy, a term used to describe individuals who are unable to manage their finances effectively, save for emergencies, or handle debt. In fact, 1 in 3 adults is unable to afford a \$400 emergency expense without borrowing money or selling assets.

For many, rising costs of living, stagnant wages, and growing student and credit card debt have created a perfect storm of financial stress. The Federal Reserve's Report on the Economic Well-Being of U.S. Households (2020) found that 40% of Americans don't have enough savings to cover a \$400 emergency, further highlighting the vulnerability of the average consumer in the face of unexpected financial demands. The growing wealth gap, driven by unequal access to education, housing, and employment, only deepens these disparities, leaving many at risk of long-term financial insecurity.

## Real-World Solutions to Enhance Financial Health

Addressing the financial health crisis requires solutions that are not only evidence-based but also directly respond to the realities of everyday life. Below are actionable recommendations that can bridge the gap and foster greater financial well-being for all:

### 1. Expanding Access to Affordable Banking and Financial Services

Access to affordable financial services is one of the most fundamental issues impacting financial health. According to the FDIC's National Survey of Unbanked and Underbanked Households (2021), over 14 million Americans are unbanked, meaning they do not have access to a basic checking or savings account. Many others are "underbanked," meaning they rely on costly alternatives like payday loans, check-cashing services, and rent-to-own stores.

#### The Solution:

To make financial services more inclusive, policymakers must encourage the expansion of community banks and credit unions, which have a proven track record of serving underserved populations. Furthermore, digital banking innovations can provide lower-cost, more accessible alternatives, especially in rural and low-income urban areas. Mobile banking and digital wallets can offer users the ability to save, transfer money, and access credit at



For many, rising costs of living, stagnant wages, and growing student and credit card debt have created a perfect storm of financial stress.

lower costs.

### Evidence:

A study by the JPMorgan Chase Institute (2019) found that households using digital banking tools had greater financial resilience during economic downturns, demonstrating the power of accessible financial platforms. Additionally, the expansion of banking access through digital channels has been shown to reduce the reliance on high-cost financial alternatives, lowering the incidence of predatory lending.

## 2. Financial Literacy Education for All Ages

Financial literacy remains a significant barrier to improving financial health. According to the National Endowment for Financial Education (NEFE), only 17% of American adults demonstrate high levels of financial literacy, meaning they understand concepts such as budgeting, investing, and managing debt. This knowledge gap is particularly pronounced in low-income communities, where access to financial education is often limited.

### The Solution:

Policymakers must integrate financial education into school curricula from an early age, ensuring that every student leaves high school with a basic understanding of personal finance. For adults, financial literacy programs should be embedded in workplaces, community centers,

and local libraries, focusing on practical topics such as budgeting, managing credit, and building savings.

### Evidence:

A FINRA Foundation study (2018) showed that individuals who completed financial education programs exhibited improved financial behaviors, including greater savings and a better ability to manage debt. Financial literacy programs have been particularly effective in low-income communities, where the knowledge gained helps individuals navigate financial products and services more effectively.

## 3. Employers as Partners in Financial Wellness

For millions of workers, financial stress is a daily reality. According to a PwC Employee Financial Wellness Survey (2021), nearly 3 in 4 employees report feeling stressed about their financial situation. Financial insecurity often leads to decreased productivity, higher absenteeism, and poor overall health.

### The Solution:

Employers must take a proactive role in promoting financial wellness by offering comprehensive financial education programs, debt management tools, and savings initiatives. Programs that allow employees to automatically save for retirement or emergency expenses can help reduce financial stress and increase long-term financial security.

For millions of workers, financial stress is a daily reality. According to a PwC Employee Financial Wellness Survey (2021), nearly 3 in 4 employees report feeling stressed about their financial situation.



Additionally, offering employees access to low-interest loans or financial counseling services can help them manage debt more effectively.

### Evidence:

A study by the Financial Fitness Group (2019) revealed that employees who participated in financial wellness programs showed higher levels of financial confidence, improved job satisfaction, and were more likely to save for future goals. By offering financial wellness resources, employers not only improve their employees' financial health but also benefit from increased productivity and engagement.

## 4. Capping Interest Rates on Predatory Financial Products

High-interest payday loans and subprime credit products trap consumers in cycles of debt. According to the Consumer Financial Protection Bureau (CFPB), payday loans carry annual percentage rates (APRs) as high as 400%, making it nearly impossible for borrowers to pay off their debts in a timely manner. This results in long-term financial instability and increased vulnerability to financial shocks.

### The Solution:

Governments must implement stronger consumer protection laws, including capping interest rates on payday loans, credit cards, and other predatory financial products.

Clearer disclosures, simplified loan terms, and better regulation of lending practices can reduce the exploitation of vulnerable consumers.

### Evidence:

Research from the Journal of Consumer Affairs (2017) demonstrated that payday loans significantly increase the likelihood of financial distress, including bankruptcy and prolonged debt cycles. Capping payday loan interest rates and instituting stronger consumer protections can reduce financial harm and promote greater economic stability.

## 5. Affordable Housing and Healthcare: A Necessary Foundation for Financial Stability

Affordable housing and healthcare are two of the most pressing issues affecting financial health. Rising rent prices and healthcare premiums leave many individuals with little disposable income to save or invest in their futures. According to the National Low Income Housing Coalition (2020), in order to afford a two-bedroom rental home at fair market rent, an individual must earn \$24.90 per hour—far beyond the reach of many low-income workers.

### The Solution:

Policymakers must prioritize the construction of affordable housing, expand access to healthcare, and create safety nets that protect individuals from



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Wealth creation requires discipline, sacrifice, persistence, commitment and delayed gratification. It requires a lifestyle shift from short-term thinking to long-term thinking

“

catastrophic medical costs. Expanding Medicaid and ensuring access to affordable health insurance are crucial components of a broader financial health strategy.

### **Evidence:**

A National Bureau of Economic Research (2019) study found that families with access to affordable housing reported improved financial well-being, including higher savings rates and lower debt levels. Additionally, affordable healthcare access reduces financial stress and allows individuals to focus on long-term financial goals.

## **Conclusion: Building a Financially Resilient Society**

Financial health is not a privilege; it is a necessity for individual and societal well-being. By expanding access to affordable financial services, improving financial literacy, and enacting protective consumer regulations, we can create a financial system that works for everyone—not just the wealthy or financially savvy. The solutions outlined above, grounded in real-world data and the lived experiences of millions of individuals, provide a roadmap for building a

more resilient, inclusive economy.

The stakes are high: without action, millions of Americans will continue to face financial uncertainty, limiting their opportunities for upward mobility and contributing to greater economic inequality. It's time for governments, businesses, and institutions to work together to build a financial ecosystem that empowers all individuals to achieve financial health, security, and independence. With the right policies and solutions, financial well-being can become a reality for everyone.

**FA Catherine Gathigia, ICIFA Member**





# FINANCIAL HEALTH SOLUTIONS FOR ALL

*FA Martin Pule*

Financial health is an integral part in ensuring the viability of the financial ecosystem; the existence of a dignified society and the desire of every society. The pursuit of this ideal is important because a financially healthy society is better prepared to make long-term. These sustainable, informed financial decisions help align available resources with current economic conditions, ensuring they are directed where they are needed most.

Individuals, businesses, and governments should be encouraged to pursue financial health as a

foundation for long-term stability and resilience. Being financially healthy means having the economic capacity to meet both routine and unplanned obligations, maintain a reserve for financial disruptions, invest in future needs such as retirement or infrastructure, and still have the flexibility to support growth, innovation, and overall well-being. True financial health reflects not just the ability to survive financially, but to thrive with confidence, purpose, and sustainability.

The Kenya economy has grown tremendously over the years,

“  
Being financially healthy means having the economic capacity to meet both routine and unplanned obligations.

“

supported by 3 key pillars which include the services, agriculture and industry. This has seen the country grow from a third world economy at independence to be termed as lower middle-income economy as of today, and the biggest economy in Eastern and Central Africa. (World bank).

The economic growth, with all its commendable achievements, has not been with some slight shortcomings, especially the weight of debt servicing costs to the country's economy. This has seen the debt servicing cost to rise to a staggering 70% of the GDP as of June 2024, 20.0% points higher than the International Monetary Fund (IMF) threshold of 50.0% for developing countries.

The financial sector growth has experienced the mushrooming of a myriad of financial solutions and products, both bad and good, for the citizens. The growth has overseen the proliferation of predatory lending apps, addictive gaming/betting apps and inconsistent risk-based pricing models for loans that hinder access to affordable capital.

The Finaccess Household 2024 survey noted that financial health remains low, with 18.3 percent of Kenyans financially healthy compared to 17.1 percent in 2021. There was an improvement in the percentage of Kenyans able to manage day-to-day and cope with shocks, but a significant decline in those able to invest in the future. Additionally, it is important to note

the government's initiative in supporting the financial health initiative through the Bottom-Up Economic Transformation Agenda for Economic Recovery and Improved Livelihoods (BETA) and the Vision 2030 which has seen commendable adoption in the informal sector, providing the much-needed capital to spur the growth of this sector.

This initiative promises to promote access to affordable, timely, effective and flexible financial solutions that are essential in building the resilience of the informal sector, tapping into the underserved population and unlocking new economic frontiers for the country.

On this backdrop, we note that financial health solutions for all speaks to the heart of the desire of not only the citizens and businesses, but also the government in ensuring that the overall debt stress do not hinder the investment to development projects that drive economic growth for the country and a dignified life for the citizens.

The Institute of Certified Investment and Financial Analysts (ICIFA) has scheduled a conference on this similar subject, titled "Financial Health Solutions for All" scheduled for 7th to 9th May 2025, at Prideinn Paradise Mombasa. This conference seeks to explore the solutions and strategies that investment and finance professionals can implement to promote financial well-being across different segments of society including governments, businesses



**A good-performing economy would lead to more Initial Public Offerings (IPOs) by new firms hence the IPOs will lead to more new retail investors participating in the capital markets.**

and households.

The conference shall bring together notable dignitaries from the around the country, discussing well thought out topics around the theme to enhance the financial health of our attendees. The speakers include: Mr. Gerald Nyaoma, the Deputy Governor, Central Bank of Kenya, FA Wycliffe M Shamiah, the CEO, Capital Markets Authority, FFA Prof Nicholas K. Letting', Chief Executive Officer, FA Maurice Opiyo, Managing Director, KCB Investment Bank, kasneb, FA Barrack Obatsa, CEO, Britam Asset Managers Limited, Tamara Cook, CEO, FSD Kenya, FA David Kanyi, Tribe Lead, Safaricom PLC among others.

Financial Health Solutions for

All speaks to the heart of the mandate of each of us as a people, and we believe that there is no greater joy for a generation than seeing it fulfill its potential, which includes financial and economic well-being, allowing it a dignified existence.

About ICIFA, The Institute of Certified Investment and Financial Analysts (ICIFA) is the only professional body mandated to regulate the Investment and Financial Analysis profession in Kenya. This mandate includes registering and licensing 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).

**This initiative promises to promote access to affordable, timely, effective and flexible financial solutions.**

About the Contributor

**FA Martin Pule** Senior Training and Research Officer, ICIFA





## VITAL COMPONENTS OF A FINANCIALLY HEALTHY LIFESTYLE

*FA Daniel Nzioki*

Financial health is your ability to manage everyday finances effortlessly while confidently embracing the future. It revolves around three core pillars: handling daily financial obligations, absorbing unexpected shocks, and steadily progressing toward long-term goals like homeownership or retirement (Financial Sector Deepening Kenya, 2022). Financial health is the cornerstone of personal and collective prosperity, capturing our ability to thrive economically and beyond. It forms the backbone of long-term success by building resilience that not only enhances our wealth but also boosts our physical well-being. When you're financially prepared, you create a buffer

that improves your overall health, while financial stress can quietly undermine your physical vitality over time.

Think of financial health as the financial equivalent of preventive healthcare—regular check-ups, balanced nutrition, and exercise keep your body in shape, and proactive planning keeps your finances robust. Schedule regular financial reviews, define your “why,” build a safety net, boost your financial literacy, craft a solid plan, seek expert advice, and resist the lure of instant gratification. These actions energize your financial journey, unlocking that peace of mind and freedom you crave and pave the way to enduring success.



”

The fundamental mantra of wealth creation is sustainability and growth. Beyond meeting the current short-term obligations, emphasis should be on investing in the capabilities, methods, and techniques that produce sustainable wealth and growth over the long term

“

## The Cycle of Financial Health



### 1. Financial Health Check-ups: Your Financial “Full Body Scan”

Just as a doctor uses regular check-ups to assess your physical health through tests and conversations, a financial health assessment acts as your financial “full body scan”. These periodic evaluations help your advisor understand your current financial state, identify hidden risks, and chart a path toward long-term stability—much like how a blood test reveals early signs of health issues.

The assessment process might feel vulnerable, but honesty is key. Your advisor will guide you through a deep dive into your finances: income streams, expenses, debts, investments, and life goals. This isn’t just about numbers—it’s about

understanding your story. Are you saving for a home? Planning for retirement? Navigating a career change? Share it all. Even life’s unpredictable moments—like a job loss or unexpected medical bill—should be discussed, as these shape your financial roadmap.

Together, you and your advisor will create a financial health report, anchored by your Net Worth Statement. This snapshot reveals:

- ☒ Where You’ve Been: How your past money has been spent or invested.
- ☒ Where You’re Going: Strategic decisions to align with your goals (e.g., paying off debt, boosting retirement savings).

Think of it as a GPS for your finances —highlighting strengths,



flagging risks, and guiding adjustments. For instance, a low emergency fund might signal the need to “build immunity” against financial shocks, just as a doctor might recommend lifestyle changes to lower cholesterol.

## 2. Define your WHY.

When you start any journey—especially one as personal as improving your financial health, there’s something important you need to think about. What’s the one thing you’re looking forward to the

most once you achieve financial success?

- Is it feeling confident about your financial future?
- Is it having investment in productive assets?
- Finally living off your investment income for the rest of your life?
- Maybe it’s living a happy and meaningful life?
- Is it gaining control over your TIME and the freedom to do whatever you want?



### What is your financial "WHY"?

#### Confidence in Future

Achieving financial confidence leads to a secure and predictable future.

#### Productive Investments

Investing in productive assets ensures long-term financial growth.

#### Living off Investment Income

Reliance on investment income provides financial independence.



**Wealth creation requires discipline, sacrifice, persistence, commitment and delayed gratification. It requires a lifestyle shift from short-term thinking to long-term thinking**



Setting very clear goals on what you want to achieve and drafting a plan of achieving them is critical to avoiding a rat-race kind of life devoid of fulfilment. Your “why” is what keeps you going when motivation dips. It’s what pushes you to pay yourself first when you’d rather choose instant gratification. It’s what helps you make the right money decisions when temptation strikes.

The truth is the people who are financially healthy are the ones who stay connected to their “why”. Stop the goalpost from moving - identify and define what financial success means to you.

### 3. Build a financial cushion (‘Nest Egg’)

Certainty is the first human need that influences our behavior or actions towards finances. The level of a person’s saving and investment portfolio is a crucial indicator of financial health. Just as preventative care helps avoid major health problems, building a strong financial cushion of productive and financial assets can prevent financial crises. If you don’t have a Nest Egg fund, even a small financial upset can result in a long-term financial set-back derailing your journey to financial well-being.

Saving is central to building a strong financial foundation, setting you up for long-term financial success and prosperity. Hence “paying yourself first” must become a priority not just a thought – determine what percentage of your income you get to keep aside in order to always have freedom and flexibility to pursue your long-term financial plans. Whatever percentage you decide, stick to it no matter what, in good and bad times. Remember, the laws of compounding punish even one missed contribution.

### Forces that can help you create wealth overtime;

- Start Saving and Investing early - The strategy is to aggressively grow your income streams, save and invest as much money as early and frequently as you can, then shift to let your accumulated money grow/compound. The longer your money is invested, the more time it has to grow due to compound interest, showing how even small amounts can grow significantly over time. Therefore, the most crucial determinant of your financial outcome is your saving rate as a percentage of your income and the time you stay in the game.
- Asset Allocation - it is the most important skill of a successful investor. It involves dividing up your savings among different classes, or types of investments (such as stocks, unit trust, bonds, real estate, alternative investments, or multi-asset funds) and in specific proportions according to your goals, risk tolerance, and stage in life. When done well, Asset Allocation can help you

**In order to invest in the manner that builds long term wealth, financial planners and investment professionals need to fully understand the Africans investor’s objectives and reflect that in the investment strategies they recommend.**

maximize your upside and protect you against the downside.

- **Diversification** – Diversification spreads your investments across different asset classes (stocks, bonds, real estate, commodities, etc.) and sectors (technology, healthcare, energy, financial services, consumer goods, etc.). This reduces the impact of a decline in any single investment on your overall portfolio. To achieve your investment goals faster, diversify your investment in portfolios that yield above-market returns. It's all about being more efficient and more effective with your portfolio selection to speed up your wealth creation through compounding magic, and having the right discipline to keep reinvesting into the portfolio.
- **Tax Efficiency and Ultra-Low fees** - Taxes and transaction fees can significantly reduce your investment returns. By implementing a strategy that is tax-efficient and holding investments for long-term, you can maximize your investment's growth potential. Ample diversification and adopting passive management of investments can help minimize tax and transaction costs burden.
- **Compound Interest** - Compounding increases the value of your money over time, even if you don't increase your investments (money working for you literally). Unlike simple

interest, which is based only on the initial amount, compound interest is calculated on both the original investment and the interest that has already been earned, making your money grow more quickly. Said to be the 'Eighth wonder of the world', compound interest has the potential to grow your investments exponentially.

#### 4. Learn to translate the Fine Print.

When it comes to wealth and health, what you don't know can and likely will hurt you – ignorance is giving your fortune away.

Food labels give valuable information about a product, such as its ingredients, nutritional information (like calories, fats, carbohydrates, protein, etc.), storage instructions, and expiration date. Similarly, documents such as financial statements give an inside view of a company's "nutritional content." Consistent earnings, high cash flow, high earning per share, good price-to-earnings ratio, and low debt are signs that a company is in good financial health. Other documents that provide details about investment products, fees, taxes, and restrictions are also important, especially when evaluating investment proposals.

Financial well-being demands responsibility and accountability - Invest in yourself, learn enough to equip yourself with tools, skills, knowledge, and mind-set to filter through and interpret company's

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**Wealth creation requires discipline, sacrifice, persistence, commitment and delayed gratification. It requires a lifestyle shift from short-term thinking to long-term thinking**

“







“nutritional content” to deliver sound financial decisions that support your lifestyle now and set you up for financial success in the future.

## 5. Lifestyle shift.

Crash diets and quick fixes do not work. They may provide a temporary solution, but often ultimately result in your being worse off and further away from your intended goal. If you can't immunize yourself from temptations of instant gratification, you will be hard pressed to find success in health and wealth. The rule of thumb is that lifestyle shifts from short-term thinking (instant gratification) to long-term thinking (delayed gratification) creates wealth because forgoing consumption today allows one to invest in the future.

Financial success is a process, a multi-stage journey that requires discipline, sacrifice, persistence, commitment, and continuous adaptation. Just like relentlessly pushing a giant heavy flywheel in one direction, turn upon turn, building momentum until a point of breakthrough. Consistency delivers results – Small habits like; been diligent with your savings, tracking your expenses, prioritizing financial literacy, paying yourself first, vetting investment proposals - may not seem impactful at first. But over weeks, months, and years, they yield life-changing results.

Think growth and sustainability, adopting a comprehensive financial

management philosophy that considers every facet of your financial well-being, and your ever-changing goals and values.

In the world of glitzy investment fads and “sizzling” sales pitch - Stay committed to a long-term wealth creation plan, and you'll find that, as with your physical health, a disciplined approach to your finances will help bring peace of mind, greater freedom, and long-term success.

## 6. Seek help of qualified Financial Advisor

Chances are, you don't self-medicate, or take it upon yourself to up your dosage of a prescribed drug from 20mg to 80mg no matter how compelling the article you just read on 'Dr. Google' may be. Among other things, your actual doctor takes into consideration factors such as your age, weight and family history when determining a suitable treatment; all of which a general article intended for millions of readers does not do.

Avoid taking financial advice from unqualified sources such as social media outlets which at best, they give general market consensus but fail to consider details unique to your financial position, which can make an otherwise good investment bad for you. Just like medical professionals assess your health and offer prescription backed with proper training and expertise, Financial Analysts evaluate your financial health, identifying

**In order to invest in the manner that builds long term wealth, financial planners and investment professionals need to fully understand the Africans investor's objectives and reflect that in the investment strategies they recommend.**

opportunities and risks to secure your financial future. Their analyses and recommendations are essential for strategic wealth creation and preservation. You should trust that your advisor possesses the skill and

fiduciary duty to put forth a carefully designed, research-backed investment strategies, taking into consideration every facet of your financial well-being, and your ever-changing goals and values.

How to obtain reliable financial advice?



**Qualified Financial Advisors**

Provide personalized, expert guidance



**Unqualified Sources**

Offer generic, potentially harmful advice

**Wealth creation requires discipline, sacrifice, persistence, commitment and delayed gratification. It requires a lifestyle shift from short-term thinking to long-term thinking**

## 7. Have a well-grounded financial plan

A strategic plan covers important aspects that address your specific needs and goals, such as financial goals, budgeting and expense management, saving and investment strategies, risk management, debt management, retirement planning, tax planning, and legacy planning.

A clear financial plan is a strategic roadmap to manage money wisely, guide your investing and day to day financial decisions, and the long-term adjustments you will need to make in order to achieve long-term financial success.

Benefits of a strategic financial plan

- **Clarity of Goals** – a well thought financial plan helps individuals or families identify and prioritize their financial goals with clarity, and help them achieve goals much sooner. Whether is buying a home, making sure children's education is well funded, ensuring comfortable retirement, or accumulating capital to start a business, retirement planning; all this can be achieved through a strategic financial plan.
- **Budgeting and Expense Management** – Financial planning involves creating a budget to manage income and



expenses effectively, ensuring money is allocated appropriately to meet financial objectives.

- **Saving and Investment Strategies** - It provides strategies for saving and investing money wisely, aiming to build wealth over time through diversified investments aligned with your wider life goals, values, risk tolerance and overall financial destiny.

- **Risk Management** - Financial planning includes assessing risks and implementing strategies such as insurance coverage to protect against unexpected events like illness, disability, or loss of income.

- **Debt Management** - effective financial plan should outline clear strategies for taking, managing and reducing debt, including consolidation, repayment plans, and refinancing options.

- **Tax Efficiency** - It incorporates tax planning strategies to minimize tax liabilities, optimizing

income and investment returns within legal boundaries.

- **Retirement Planning** - Financial planning helps individuals plan and save for retirement, ensuring sufficient funds to maintain lifestyle and cover expenses after retirement. Starting late or not saving enough for retirement can result in financial insecurity later in life.

## Conclusion.

Your financial health isn't a distant dream—it's a choice you make today. Every dollar saved, every goal set, and every disciplined habit you build is step towards that freedom. There is always a tendency to focus more on immediate financial demands and the satisfaction of meeting the current short-term bills right now. This greatly undervalues future financial security, resulting to poor financial decisions like impulse buying, under saving, etc. Think long-term, go for a strategy that synchronizes the

present with the future- a strategy that promotes sustainability and growth.

You deserve a financial policy that gives you balance and peace of mind, not lack of sleep. One that ensures your personal and financial priorities align — starting from where you're to where you want to be. At the end of the day, it's all about being more efficient and effective with your resources. Finding a way to improve quality of your life while focusing on long-term financial stability. Financial stress isn't inevitable—it's a choice to ignore the tools at your disposal. Those who thrive don't just "save"; they engineer their future with compound interest, diversification, and a plan that evolves with them.

The Clock is Ticking—Start Today: Your future self will thank you. Your health, peace of mind, and legacy depend on it. The path is clear—what's your first move?

### About the Contributor

**FA Daniel Nzioki** is a Financial and Investment Consultant at Merit Financial Consultants and a Full Member of the Institute of Certified Investment and Financial Analysts (ICIFA) and ICPAK.

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## RETAIL INVESTORS: THE UNTAPPED ENGINE OF KENYA'S CAPITAL MARKETS

*FA Martin Pule*

Retail investors in Kenya—individuals who use their own funds to invest in financial markets, such as the stock market for personal goals like wealth accumulation, education funding, retirement planning, generating passive income, reserve funds, or estate planning—are becoming increasingly critical to Kenya's economic narrative. Their presence in the financial markets reflects growing awareness of wealth-building tools, but also highlights deep-rooted challenges stifling greater participation.

The Nairobi Securities Exchange (NSE) revealed during its 2024 Annual General Meeting that while nearly 1.48 million retail investors are registered, only around 6,840 are active on a monthly basis. This translates to less than 0.5% of the national population meaningfully engaging with capital markets—an alarming signal for a country seeking financial inclusivity.

A study on the Challenges faced by retail investors in Kenya's financial markets by the Institute of Certified Investment and Financial Analysts (ICIFA) painted a more

**The Investment Research Report delves into crucial areas that will aid in the delivery of the bottom up economic model in the**



detailed picture of the Kenyan retail investor. Typically, they earn between KES 50,000 and KES 200,000 per month, and have been investing for anywhere from one to over ten years. These investors include both formal and informal sector participants whose motivations span income generation, capital appreciation, and long-term financial planning.

However, their journey is fraught with obstacles.

Key among them is a lack of financial literacy. Many investors are unable to interpret market data, understand risk, or select appropriate investment products. This information vacuum is often exploited by unregulated “financial advisors,” resulting in widespread losses and diminished trust.

High transaction costs are another deterrent. For many middle-income earners, brokerage fees and other charges erode already modest returns, making investment less appealing. Adding to this, information asymmetry—where crucial data is unavailable or incomprehensible—prevents informed decision-making.

Poor communication by financial institutions and a noticeable lack of new public listings or diverse investment products further weaken investor enthusiasm. Even well-meaning policies, like stringent Know-Your-Customer (KYC) requirements, can discourage participation by making the on-boarding process cumbersome.

But all is not lost. Experts suggest that actionable solutions could dramatically shift the tide.

ICIFA recommends intensified national financial literacy campaigns tailored to Kenya’s diverse linguistic and educational backgrounds. Simplified investor guides, more robust use of mobile platforms, and regulatory enforcement to clamp down on unlicensed financial advisors are also crucial.

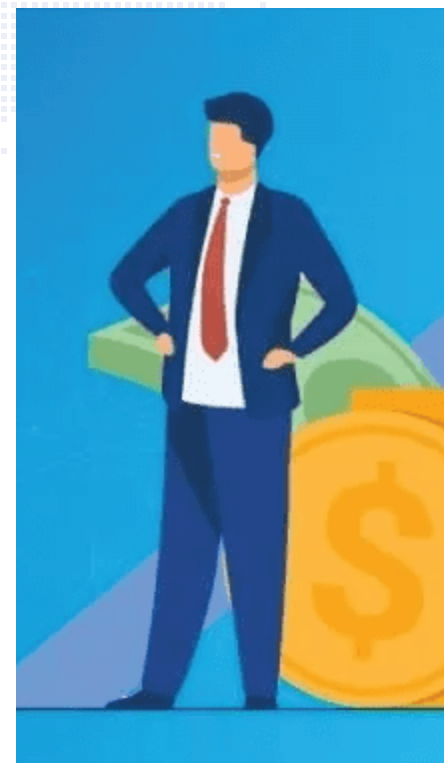
To reduce entry barriers, fee structures must be revisited. Tiered models or government-subsidized investment schemes for small investors could increase accessibility. Market players are also encouraged to launch more innovative products that appeal to different investor profiles.

User-friendly KYC experience, improving real-time communication through SMS and social media, and creating centralized, easy-to-navigate information portals are other proposed reforms.

With coordinated effort from ICIFA Members, Financial services regulators and financial institutions, retail investors could become the backbone of Kenya’s capital market growth. The question is not whether they can—but whether we are doing enough to empower them.

About the Contributor

**FA Martin Pule** Senior Training and Research Officer, ICIFA



“  
a good-performing economy would lead to more Initial Public Offerings (IPOs) by new firms hence the IPOs will lead to more new retail investors participating in the capital markets.

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# END OF YEAR JOURNAL

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