

ChamaFY

Background of the study

From their conception, financial institutions have existed to serve the needs of their users in the most efficient and reliable way all the while maintaining a sustainable structure. Investment groups are a type of financial institution that work by pulling funds of members and concentrating them to a particular goal.

Kenya's most popular investment groups are Chamas which are a concept drawn from the Harambe philosophy of working together for a greater good. Chamas are informal cooperative societies that work by allowing their members to make regular contributions which are collected and given to an individual during their meetings (Johnson, 2018).

Chamas emerged as informal women's groups focused at addressing financial challenges of unemployed women who desired a stable way to save and invest the little earnings they had. They have since grown to be more than Rotating Savings and Credit Associations (ROSCA) and are now financial machines controlling Kshs.100 billion worth of assets and multi-billion-shilling projects in various sectors of the economy. (Gichuru, 2014)

The Kenya Association of Investment Groups (KAIG) reports that most Chamas in Kenya fail within their first year of operation owing to lack of member commitment, lack of trust among the members, inadequate managerial skills and poor dispute resolution mechanisms (Gichane, 2012).

Problem Statement

Chamas in Kenya are the most popular financial institutions. However, they are the least secure and sustainable following the tradeoffs for their easy and flexible structure.

Formation of Chamas is unregulated hence their administrations are unvetted and possibly unexperienced. This opens them up to embezzlement, ineffective communications and poor decision making (Gichuru, 2014).

Interpersonal conflicts are another reason for the collapse of Chamas. Members were found to carry on interpersonal conflicts from their personal lives into the Chamas contributing to ineffective communications and effective cooperation amongst them.

Moreover, indiscipline and discrepancies in making contributions affect the Chamas adversely. Members have been seen to make late contributions and others leave the Chamas after they received contributions and before they contribute to other members.

Aim

The aim is to develop an information system to solve the problem identified above by implementing a web-based system to handle all the administrative functions of Chamas, minimize interpersonal relations, supervise the discipline of members and do away with discrepancies.

Specific Objectives

- i. Instill accountability to the Chamas.
- ii. Ensure discipline of the members.

- iii. Eliminate interpersonal conflicts.
- iv. Penalize discrepancies.

Justification

Users of the system will be assured sustainable and disciplined Chamas with all the flexible, simple and transparent architecture of traditional chamas.

Administrative functions will be relegated to the system and users won't have to be bother by finding credible members.

Individual users will be able to specify their desired details for the Chamas they will be joining with the ability to join multiple Chamas.

Scope and Limitations

Scope

The proposed MVP will be web-based, store information on registered users and an interface for creating custom Chamas.

The MVP will manage all aspects of the Chamas, including filling the available slots, providing reports, debiting or crediting the user's Arbiter accounts, and penalizing rogue members.

Limitations

The MVP will depend heavily on API's and data from Arbiters in their operations hence will be limited to the developments and products of the Arbiters.

Lack of clear statutes around the formation and running of Chamas means I get to work with a great range of regulations close to but not specific to Chamas.