

ABSTRACT

The East African Capital Markets are small, fragmented and technologically weak, affecting their informational efficiency (Farid, 2013). The semi-automated process of trading financial securities across borders presents inefficiencies in processing payment, delivery of securities and surveillance. This does not meet the business needs of investors and drives up the cost of trading financial securities between the East African Capital Markets. Being part of an economic bloc makes it possible for a group of countries to integrate as one market and benefit from economies of scale (World Bank, 2017). The purpose of this research is to take stock of the ICT status of the East African Capital Markets with a view to integrate, and benefit from economies of scale; larger pool of securities to invest in and a larger investor base to raise money. Data was gathered from six Partner States of the East African Community; Burundi, Kenya, Tanzania, Rwanda, Uganda and S. Sudan. A mixed methodology was used for data collection; having a dominant Quantitative approach with acceptance of selective pieces of Qualitative data. The research population was identified as the East African Capital Markets Community. However, through stratified sampling, three subgroups were formed; the exchanges and depositories, the business community, and the research community. 75 participants responded to a questionnaire; 15 from the exchanges and depositories, 51 from the business community, and 10 from technology providers and researchers. Some of the key findings include; of the six Partner States, only four have operational stock markets as of August 2017. All four markets have some level of Financial Markets Infrastructure / ICT, however, there is limited integration at national level, let alone integration within East African Capital Markets. There is also duplication of Infrastructure and stock market roles at National level. There is an over reliance on technology providers for Financial Markets Infrastructure, raising the bargaining power of suppliers. Using the business diamond strategic framework, an Information Systems (IS) Strategy that prioritizes 'Cost Leadership' is proposed, where provision of a quality standard product will lower the costs of doing business across the East African markets. To lower the cost of design, implementation, and maintenance of Financial Markets Infrastructure, it is recommended that taking a long-term view and developing the regional IT capacity first will empower markets to focus on implementing solutions for Capital Markets as opposed to consistently outsourcing and offshoring these services.

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