

Uganda: SMEs explore stock market for finance



By [Walter Wafula](#)

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Ugandan businesses are on the hunt for cheaper and advanced financing options at the stock market according to a fund manager at African Alliance in Kampala.

In an interview, Kenneth Katariko, general manager of African Alliance Uganda said in recent months, small and medium enterprises (SMEs), have started looking at the stock market for money to invest into their businesses.

The businesses, he said cut across many sectors including energy, construction, and property. "We are seeing interest from SMEs which is something new and we are pleasantly surprised to see," said Katariko. "So, the pipeline is growing and we are reviewing quite a number of projects (businesses to benefit)."

Commercial banks in Uganda charge interest rates between 15 and 35 percent interest per year on credit borrowed, in addition to terms and collateral security borrowers have described as unreasonable.

Although Katariko was tight lipped on revealing the cost of the credit that can be made available by asset management firms, he said, "the charges are way below the bank charges."

Fund managers can also take on equity in the borrowing companies if they fail to pay back the credit.

ABOUT WALTER WAFULA

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