

SASRA INFORMATION TRAINING NOTES

CAPITAL ADEQUACY

CORE CAPITAL- Core capital is critical for Saccos as

- It enables investment in critical business infrastructure including premises and MIS.
- Provide liquidity and protection from risks of business losses.

WHAT IS CORE CAPITAL?

- Sacco should maintain a minimum core capital of Kshs 5m
- Sacco should submit a capital adequacy return quarterly
- Sacco should maintain the core capital ratios as- Core capital to deposits at 5%
Core capital to assets 8%

LIQUIDITY MANAGEMENT

- Liquidity should be 10% of deposits
- The Sacco must develop a liquidity management policy
- Liquidity return to be submitted annually failure to which there is a penalty of Kshs 50,000.00

SHARES AND DEPOSITS

- A Sacco must issue share certificate to members.
- No member is allowed to use shares as security for loans
- Shares are not withdrawable- a member can only transfer to another member while exiting the Sacco
- Shares may earn Dividend in accordance to the dividend policy of the Sacco
- The Sacco must develop a dividend policy
- Shares and deposits statement to be provide to the member at least annually showing transaction made during that period.
- The Sacco can establish an electronic System where member can get information on their shares and deposits status at their convenience (*In our case the *477#*)
- Members should get their withdrawal refunds within 60 Days from the date of application
- Deposits cannot be converted to Shares
- Member shall be deemed dormant upon 6 months of non-remittance
- Upon non remittance of 12 months and above Sacco to maintain a separate account for such accounts.
- Such amounts shall be deemed to be unclaimed in accordance with the Unclaimed financial Assets Act.

CREDIT RISK MANAGEMENT

- Sacco shall have a credit policy.
- For any changes on loan terms members should be notified in 60 Days.
- Loan payment in lumpsum shall not attract penalties and interest.
- No member shall be granted a loan exceeding 10% of the societies core capital.
- New Sacco products must be approved by Sasra before roll out after feasibility study
- External borrowing allowed up to 25% of total assets

RISK CLASSIFICATION

- Performing Loans- Paid up to date
- Watch- 1-30 Days 1 instalment unpaid
- Substandard- 31-180 days i.e., 2-6mths unpaid
- Doubtful- 181-360 Days 7-12mths unpaid
- Loss-over 360 days i.e., 13mths and above
- Report to be submitted to Sasra

CONSUMER PROTECTION

-A Sacco society shall accord equal opportunities to its members in accessing Sacco services and products and no member shall be discriminated in terms of race, gender, religion or political affiliation.

POLICY DOCUMENTS

A Sacco is required to develop the following 14 Policy Documents

- Credit Policy
- Human Resource policy
- Investment
- Dividend
- Risk Management
- Liquidity
- Finance and accounting Policy
- Information Preservation Policy
- Savings Policy
- Board Charter
- Election and vetting policy
- ICT
- Communication Policy
- Disaster preparedness and business continuity plan