

# Balozi Co-operative Savings and Credit Society Ltd.



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**TO : BALOZI SACCO MEMBERS**

**SUBJECT : BALOZI SACCO PRODUCT REFORMS**

**DATE : 26<sup>TH</sup> APRIL 2022**

Following members' suggestions given through members' surveys, social media, emails, education forums and conversations, the Board of Directors of the SACCO is pleased to announce the following product reforms.

## 1. Loan multiplier

Increase the loan eligibility to four times the members' deposits, up from the current three times.

## 2. Guarantorship multiplier

To give more room to members to guarantee each other, the eligibility of guarantorship has been increased from three times to four times members' deposits for all loan products.

## 3. Changes in the maximum loan limits

Loan type	Current Limit (Ksh.)	New limit (Ksh.)
Insta	1,000,000	No limit
Insta Plus	1,500,000	No limit
Quick Pesa	300,000	500,000
Car	2,000,000	3,000,000
Mcash	100,000	150,000
Okoa Advance	250,000	350,000

Note: Repayment period for Okoa Advance loan has been extended from 10 months to 12 months at a flat interest rate of 1% per month.

## 4. Special loan

Some members are not able to access additional loans due to two thirds limitation. The Special loan has been reviewed to include the following features:

- It can be used for amalgamating part or all outstanding loans at no cost
- The repayment period is 10 years (120 months)

- Interest rate will be 1.29% per month on reducing balance.

The above reforms will result in reduction of member's allotments after amalgamating the existing loans.

Note: Members will not take home any cash on this product. The existing guarantors of the loan(s) being amalgamated will still be eligible to guarantee this product.

## 5. Deposit banding

The banding has been expanded with an aim of releasing more funds to the members to enable them apply for more loans. The new banding is as follows:

Minimum loan limit	Maximum loan limit	Minimum contribution per pay period	Minimum contribution per month
0	2,000,000.00	2,000	4,000
2,000,001.00	3,000,000.00	3,500	7,000
3,000,001.00	4,000,000.00	5,000	10,000
4,000,001.00	5,000,000.00	6,500	13,000
5,000,001.00	6,000,000.00	8,000	16,000
6,000,001.00	7,000,000.00	9,500	19,000
7,000,001.00	8,000,000.00	11,000	22,000
8,000,001.00	10,000,000.00	12,500	25,000
Above 10,000,001.00		14,000	28,000

## 6. Loans insurance premium

In accordance with the Sacco industry practice, members will now insure their loans at an interest rate of 1% of the loan approved. The insurance cost will be added on the loan approved thus member still taking home the total amount approved.

**NOTE: All other terms and conditions for loan applications apply.**

**Effective date: 1<sup>st</sup> May 2022**

Yours faithfully,

Jorim Oyago  
Chief Executive Officer