



Non-deposit taking SACCOs under SASRA (Sacco Society Regulatory Authority)

Welcome to the Balozi third quarter bulletin. This Bulletin covers the period of July-September 2020. We recommend members to read these bulletins as they give updates on what is happening in the SACCO and the entire industry. Our last bulletin highlighted the government's move earlier in the year to extend the jurisdiction of Sacco Society Regulatory Authority (SASRA) to all non-deposit taking SACCOs with a minimum deposit of Kes. 100 million.

SASRA is a semi-autonomous Government Agency under the Ministry of Industrialization and Enterprise Development. It is a creation of the Sacco Societies Act 2008 and was inaugurated in 2009 charged with the prime responsibility of licensing and supervising deposit taking Sacco Societies in Kenya as well as protecting the interests of Sacco members. SASRA requires Saccos to meet some of the following conditions:

Good Governance

SACCOs are required to set up nomination committee to vet interested candidates for vacant positions in board/supervisory and present the eligible candidates to members.

Board to set the number of board committees, prepare policies and regulations, and draw a boundary between the board and staff. The directors are also required to maintain



high integrity within and outside the Sacco operations.

Capital Adequacy

SASRA requires SACCOs under its control to comply and maintain the specified minimum capital level. For instance, SACCOs to ensure eight percent ratio of core capital to total assets, a five percent ratio of core capital to deposits and a 50/50 ratio of core capital to retained earnings and disclosed reserves.

Liquidity Ratio

The authority demands that SACCOs maintain some minimum liquid level of deposits and maximum level of borrowings. Therefore, SACCOs should maintain the ratio of liquid assets to short-term liability at ten percent

and above.

Risk management

SACCOs are required to provide for unrecovered amounts on all loan categories in accordance with the International Financial Reporting Standard (IFRS 9).

To comply with all the requirements above, non-deposit taking SACCOs to be under SASRA, will have to make some changes in the way they conduct their businesses. The changes may include and not limited to, increasing both minimum share capital and retention of reserves as well as providing for bad debts.

It is important to note that the government's intention through SASRA is to introduce good governance and protect members' funds in SACCOs. ●

EMPOWERING FAMILIES



Since inception of the SACCO, members have individually enjoyed the support of the SACCO in realising their dreams of financial stability, owning homes, starting and expanding their businesses amongst others. The SACCO has since realised

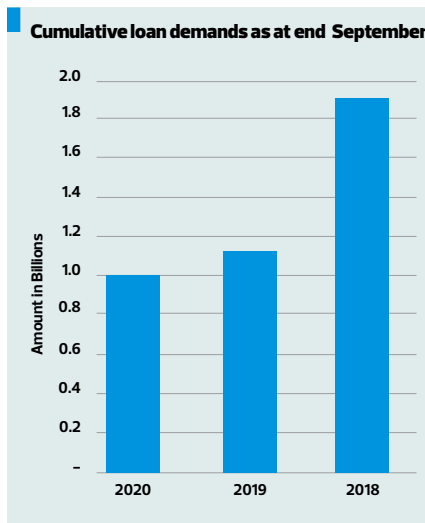
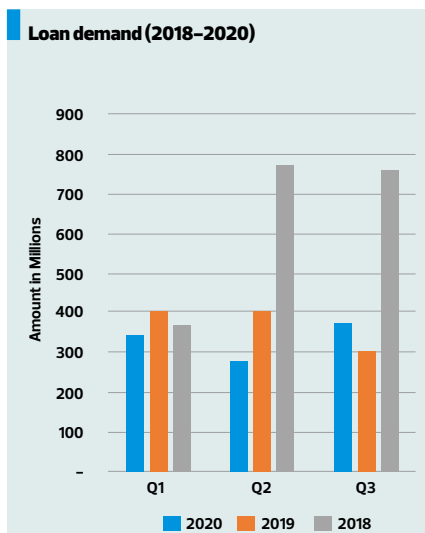
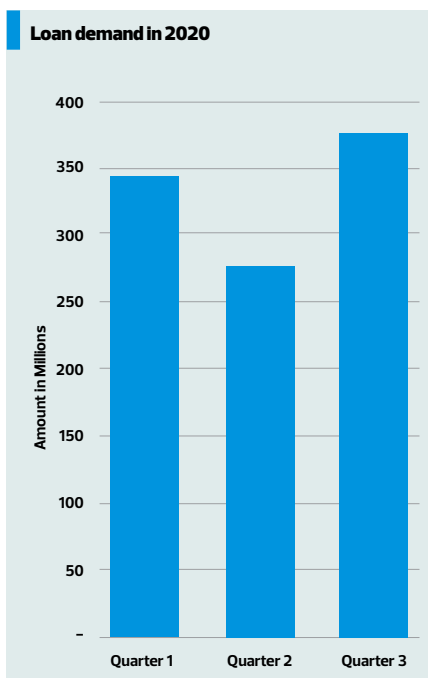
the importance of empowering all members of the family and opened its common bond to members spouses and children of majority age.

We encourage members to recruit members of their families into the SACCO. ●

Loan management

Comparing quarter 1, 2 and 3, quarter 3 had an increase in loan uptake despite the adverse effects of the covid-19 pandemic response to the economy. Members are encouraged to look towards the SACCO for loans as a way of cushioning themselves against the current economic situation and to develop themselves.

The tables below show the different loan demand.



Updates on Balozi bulletin issue #2

During the second and third quarter of the year 2020, the SACCO conducted successful education forums for diaspora and Kenya Kazi agencies respectively. Different suggestions were floated and the SACCO adopted the following:

- Opened up the common bond to members' children of majority age
- Expanded benevolent fund cover to biological parents.
- Enabled the viewing of member statements from the year 2013.

Review of by-law and policies

The review of this constitution and policies had not begun because of the COVID-19 pandemic but will be done within the year. Stakeholders to share their suggestions.

Implementation of Electronic Document Management system

The EDMS will be commissioned in the fourth quarter of the year. It will enhance business workflow and efficient storage/retrieval of records.

Website redesign & development

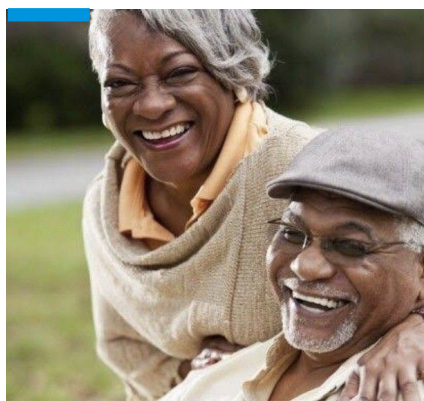
The website redesign has been completed and will be unveiled in the fourth quarter of the year. It will help members access detailed SACCO information more easily than before.

Benevolent fund

The benevolent fund now covers

PERSON COVERED	AMOUNT CLAIMED
Member	Kes. 100,000
Spouse	Kes. 80,000
Children up to age of 24 years	Kes. 80,000
Biological parents	Kes. 50,000

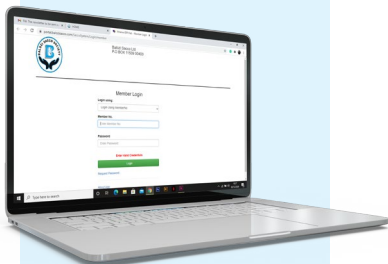
Please update your details with regards to the above since the SACCO only accepts the claims of members whose records are in the SACCO.



Quick guide

Advance dividend/ interest

Following the unfavourable prevailing economic conditions in the country, the board of directors resolved to allow all members to access advanced interest/dividends up to 30% of their previous year's entitlement. This will assist members to navigate through the effects of Covid 19 pandemic. The window period is between 1st October and 15th December 2020. ●



New Web portal features

The SACCO has commissioned a new members portal. Through this portal, members will have real-time access to their statements since 2013. Members will also be able to view their register data, beneficiaries records and next of kin records. Loan summary details are also accessible including a loan eligibility calculator and guarantors calculator. ●

Update your contacts

Have you been missing out on SACCO news? Login to the members portal, verify your contact details and send us an email for any queries or updates.

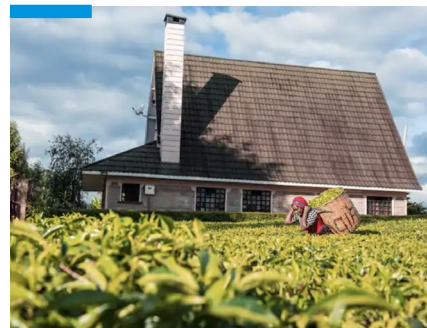
Using collateral to guarantee loans and self-guarantorship

The board of the Sacco has created an opportunity for members to use collateral to secure all categories of loans. The collateral to be used must be fully or co-owned by the member. This change was introduced after the Sacco realized that some of members preferred using their collateral as security for loans to being guaranteed by colleagues/friends.

The collateral guarantees loan(s) up to 70% and 50% of the value of the commercial and agricultural property respectively. The procedure for using collateral includes:

- Conducting a search in lands office
- Valuation of the asset
- Charging of the asset

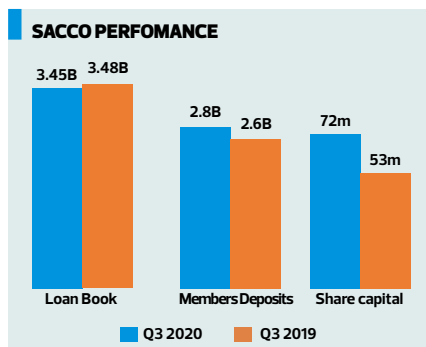
All the above come with costs which are borne by the member. The SACCO encourages



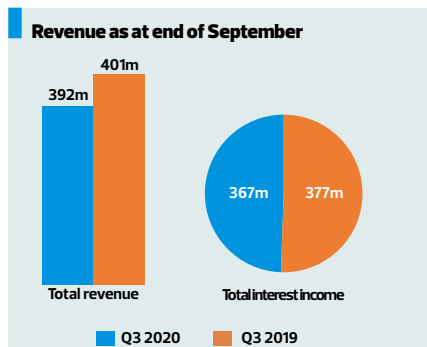
members with collateral to offer them as security for loans to avoid guarantorship problem.

Self-guarantorship

The SACCO noted that some members have free deposits after guaranteeing others. Such members can now use their free deposits for self-guarantorship. ●



The current SACCO loan book stands at Kes. 3.45B compared to Kes 3.48B in the same period of 2019. The growth in members' deposit and share capital are 8% and 37% respectively.



The total revenue earned at the end of the third quarter of 2020 is Kes. 392 million which is a decrease of 2% as compared to the same period in 2019. ●

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