



## **SUMMARY OF THE SACCO SOCIETIES (NON-DEPOSIT-TAKING BUSINESS) REGULATIONS**

**T**hese Regulations shall come into operation on such a day as shall be published in the Gazette by the Cabinet Secretary, in consultation with the Regulation Authority.

A non-deposit-taking Sacco society that has been authorized to undertake specified non-deposit taking business shall include in its name the words "Regulated Non-withdrawable deposit taking SACCO" or "Regulated Non-WDT-SACCO".

A non-deposit-taking Sacco society shall maintain a liquidity ratio of not less than ten per cent of the Sacco society's non-withdrawable deposits and short-term liabilities in liquid assets.

A non-deposit-taking Sacco society shall prescribe a minimum number of shares, and the par value of each share, for which an individual shall subscribe in order to become a member of the Sacco society.

A member of a non-deposit-taking Sacco society may transfer shares to another or other members on leaving membership of a Sacco society, provided the Sacco society shall not refund shares.

Shares issued by a non-deposit-taking Sacco society may earn dividends paid from net surplus after required transfers to reserves at the end of a financial year in accordance with the dividend policy of the Sacco society. A non-deposit-taking Sacco society shall pay dividends if it has—

- (a) realized an excess income over expenditure; and*
- (b) complied with the prescribed capital adequacy and any other requirements prescribed by these Regulations.*

The amount accumulated in a member's non-withdrawable deposit account shall be refunded when the member withdraws from membership of the non-deposit-taking Sacco society: Provided that the member shall have fully repaid all debts owed to the Sacco society or for which the non-withdrawable deposits have been pledged as security or collateral and is free from any outstanding guarantee

Where a non-deposit-taking Sacco society operates non-withdrawable deposit accounts, every member shall contribute to the deposit accounts on a monthly basis.

A non-deposit-taking Sacco society shall refund to a member the amount accumulated in the member's non-withdrawable account within sixty days of receiving the written notification of the member to withdraw from membership of the Sacco society.

The amount held in a non-withdrawable account of a member shall attract interest at a rate to be determined by the Sacco society as dictated by external market forces or internal funding needs.

The amount held in a non-withdrawable account of a member or any portion thereof shall not be:

- (a) converted to the share capital in the non-deposit-taking Sacco society; or*
- (b) withdrawn to pay for or for the payment of the share capital in the non-deposit-taking Sacco society.*

A non-deposit-taking Sacco society shall deem a non-withdrawable account as dormant if, without justifiable cause, transactions have not been made therein for a period of at least twelve months and the Sacco society shall maintain a separate accounting record of all such dormant non-withdrawable accounts. Any non-withdrawable deposits and other sums due to a member shall be deemed to be unclaimed in accordance with the provisions of the Unclaimed Financial Assets Act, 2011

***All loans shall be classified into five categories on the basis of the following criteria —***

- (a) performing loans, being loans which are well documented and performing according to contractual terms;
- (b) watch loans, being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding;
- (c) substandard loans, being loans not adequately protected by the current repayment capacity and the principal or interest have remained unpaid between thirty-one to one hundred and eighty days or where two to six instalments have remained outstanding;
- (d) doubtful loans, being loans not adequately protected by the current repayment capacity and the principal or interest have remained unpaid between one hundred and eighty-one to three hundred and sixty days or where seven to twelve instalments have remained outstanding; and
- (e) loss loans, being loans considered uncollectable or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained unpaid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding.

A Sacco society shall accord equal opportunities to its members to access the Sacco society's financial products and services.

No member shall be discriminated upon on the basis of race, gender, age, tribe, religion or political affiliation when accessing the financial products and services of the Sacco society

***A Sacco society shall—***

- (a) develop financial products and services aimed at improving the social-economic interests of members; and*
- (b) disseminate information about the financial products and services in a manner that is reasonably accessible to all its members.*

A Sacco society shall hold at least one education day for its members in a year to educate and update members on its products and services, rights of members and other emerging issues

Sacco society shall develop service charter for it's members which shall provide for the turnaround time for service delivery, recourse and feedback mechanism.

For more information you can visit

[http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/2020/LN82\\_2020.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/2020/LN82_2020.pdf)

Members are informed that during the Covid 19 pandemic the Jogoo Sacco office is operating with few staff on each day therefore they are encouraged to call instead of walking to the office. Members are also free to call any of the delegates for any clarifications or information.

