**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