



MOMBO
Sacco

Endless Possibilities

SHARES AND SAVINGS POLICY

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1.0 LIST OF ABBREVIATIONS AND INTERPRETATIONS

ADM	Annual Delegates Meeting
BOSA	Back Office Services Activity
BOD	Board of Directors
BY-LAWS	Mombo Savings and Credit Co-operative Society By-laws
CEO	Chief Executive Officer
ID	Identity Card
NDTS	Non – Withdrawable Deposit Taking Sacco
KRA	Kenya Revenue Authority
RULES	Requisite legal laws governing Co-operatives and sacco societies in Kenya
SACCO	Savings and Credit Co-operative Society
SASRA	Sacco Societies Regulatory Authority
SOCIETY	Co-operative Society as Registered under the Co-operative Society Act Revised 2012 [2005]
UFAA	Unclaimed Financial Assets Authority



2.0 INTRODUCTION

Mombo Savings and Credit Co-operative Society Limited was registered in the year 2015 under the Co-operative Societies Act Cap 490 Laws of Kenya as limited liability Society. It began its operations in the same year with the aim of mobilizing savings thereby creating and accumulating capital and providing affordable credit facilities to its members to improve its member's economic and social well-being. The Sacco has its head office at Landmark Plaza, 13th Floor, Argwings Kodhek Road, Nairobi. The Sacco operates BOSA and offers an array of competitive, flexible and affordable saving and loan products to its members.

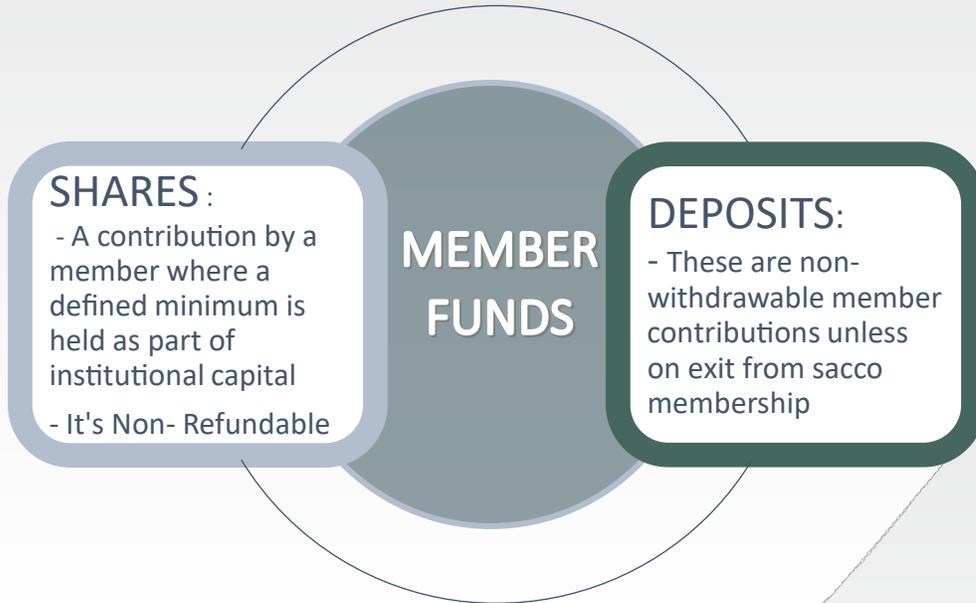
This policy framework takes in cognizance the aspirations of the Sacco, the challenges and lessons learnt, the opportunities arising there from and the industry best practices. It is well aligned to the Mombo Savings and Credit Cooperative Society (amended) Bylaws, 2019.

3.0 OBJECTIVES OF THE POLICY

- 3.1. To establish a fair, consistent and logical framework to guide the Sacco in the collection, mobilization of savings, marketing of savings products to members and non - members and the management of member savings;
- 3.2. To establish deposit protection and safety in the face of the eventuality of bankruptcy or liquidation, using the most ideal mechanisms
- 3.3. To develop niche products through which Mombo Sacco can achieve a national competitive advantage;
- 3.4. To improve the market share of the Sacco's in the savings market.



The society's member funds which this policy seeks to offer guidelines on management can be categorized as follows;





4.0 MOBILISATION OF SACCO SHARES

Shares refers to the amount of money contributed by a member as part of their ownership in the Society. This money forms part of the Society's share capital. The following are considerations as regards share capital of the society;

- 4.1. In accordance with the provisions in the Sacco's By-laws, the Sacco Societies Act, 2008 and the Sacco Societies (NON-Deposit-Taking Business) Regulations, 2020, ownership of shares in the society entitles a member to a right to;
 - 4.1.1. Attend participate and vote at the Annual Delegates Meeting (ADM).
 - 4.1.2. Receive dividends, whenever declared, on the surplus made based on the number of shares held and in accordance with the dividend policy of the sacco.
- 4.2. Every applicant for membership shall be required to acquire a minimum number of shares as part of the conditions for admission. The member shall be required to;
 - 4.2.1. Purchase new shares availed or;
 - 4.2.2. Purchase shares of a member that has exited the sacco as facilitated by the sacco; this may be via the Member Access portal;
- 4.3. The member shall be required to make payment of the shares as per the share plan opted for. The BOD can however exercise discretion and allow for a waiver of the payment plan on a case by case basis.
- 4.4. The amount of minimum shares contributed as share capital may be altered subject to the approval of the regulatory authority in accordance with Sec 21(2) of the NDTs regulations and the members in a duly constituted meeting;
- 4.5. The amount of share capital is not refundable under any circumstances but can be transferred to another member upon exit as provided for in the Co-operative Societies Act, the Sacco Societies (Non-Deposit-Taking Business) Regulations, 2020 and the By-laws of the society.
- 4.6. The Sacco shall ensure share certificate is issued at least within thirty days of payment by the member as per Sec 21(4) and Sec 21(5) of the NDTs regulations; the Society may also establish a portal where members can access the certificates to download.
- 4.7. The Sacco shall not permit a member to utilize Share capital as surety or pledge for any form of debt as per Sec 22(1) of the NDTs regulations;



- 4.8. Dividends, whenever declared, are paid in proportion to the shares held by an individual member in accordance with the dividend policy of the society.
- 4.9. Members who have exited the Society and not transferred the share capital to other members shall be entitled to earn dividend when declared. Where a member has not attained the minimum share capital as it may be amended from time to time, the dividend shall be capitalized.
- 4.10. The Society shall at all times have an updated share capital register for all members (Active, dormant and exited Members).

5.0 FOSTERING THE CULTURE OF SAVING

- 5.1. One of the key objectives of the Sacco is to promote a saving culture among its members. Another is to provide members with the opportunity to access loans to develop and improve their social and economic status. Savings is a critical tool and every bit as important as loans. Therefore, a Sacco shall consider its members' savings needs just as carefully as it considers their borrowing needs.
- 5.2. Savings mobilization is the process of gathering amounts from many people into a pool that can be put to work in the economy through lending.
- 5.3. The members, the Sacco, and the Community benefit from savings in numerous ways;
 - 5.3.1. Saving combines smaller amounts so members can make larger purchases than they would otherwise be able to afford. Long term savings also help provide security for retirement. With savings, Members can reduce the need to borrow, or the cost of borrowing.
 - 5.3.2. The Sacco benefits because savings are the Sacco's primary means of securing funds to make loans. The savings also generate income to pay for operating expenses, to invest in new services and benefits, and to increase capital.
 - 5.3.3. Savings are essential to a community's economic development. Sacco's contribute to economic development by helping individuals improve their financial positions through savings and borrowing. As a result, members contribute more to the local economy due to increased disposable income. More spending by individuals result in increased revenues for corresponding businesses hence more employment opportunities for the community.



- 5.3.4. With more savings, a member can access a higher credit facility. High savings also means that a member who has accessed a credit facility may be eligible for a loan top –up based on their total non-withdrawable savings / deposits.



6.0 MOBILISATION OF SACCO SAVINGS

- 6.1. For the Sacco members to reap the full benefits of their membership to the Sacco, savings must be a habit that is practiced regularly. This is especially true if members can only set aside a small amount at a time. To get members to develop this savings habit, the Sacco must convert non-savers into savers and convert occasional savers into habitual savers.
- 6.2. To realize this objective, the Sacco may pursue a number of strategies namely;
- 6.2.1. Establish and maintain a functional, positive and progressive image of the Sacco that reinforces members' confidence in the safety of their savings;
 - 6.2.2. Conduct regular market analysis and invest in a thorough knowledge of the targeted market, and market demographics;
 - 6.2.3. Provide diverse, competitive and attractive products and benefits commensurate with the needs of the members that will ensure that members will be able to satisfy all their savings needs in the Sacco's and not distribute their savings in different institutions;
 - 6.2.4. Engage professional staff and enforce good working Standards;
 - 6.2.5. Provide workable and competitive scheduling compatible with the needs of the members;
 - 6.2.6. Effective, regular and innovative member education to facilitate attitude and mentality change to enhance voluntary savings;
 - 6.2.7. Adequate protection mechanism for savings and lending services
 - 6.2.8. Implementation of short, medium and long-term marketing programs;
 - 6.2.9. Effective and efficient communication to members;
 - 6.2.10. Instilling and implementation of the financial discipline necessary to protect members' savings, to preserve a sound institutional image as a financial intermediary and, to establish market trust on savings management

6.3. Non withdrawable

The society is in receipt of savings from its members as follows;



6.3.1. Non – withdrawable Deposits

6.3.1.1. Non-withdrawable deposits refer to the periodic payments made by members that cannot be withdrawn unless one ceases to be a member of the Society. The non-withdrawable deposits may be refunded as per the Society's By-laws.

6.3.1.2. The minimum deposits and other features of each savings plan shall be determined from time to time by a resolution of the ADM passed in accordance to the by-laws.

6.3.1.3. A member's non-withdrawable deposits shall form the basis for granting loans to members in accordance with the credit policy and By-laws in force from time to time.

6.3.1.4. A member may save in the Sacco through the various payment plans provided as per section 12.1 and 12.2 of this policy document. The means of payment include:

- Deductions through direct debits;
- Deductions through standing orders;
- Cash or cheque deposits to the Sacco's authorised accounts;
- Mobile money transfers to the Sacco;
- Deduction from any regular remittances.

6.3.1.5. In accordance with Sec 23 (8) of the Sacco Societies Non-Deposit taking Business regulations 2020, the amount held in a non-withdrawable account of a member or any portion thereof shall NOT be:

- Converted to share capital in the NDTs
- Withdrawn to pay for or for the payment of share capital in the NDTs

7.0 SAVINGS PRODUCTS

7.1. Characteristics of the Savings Products

Mombo Sacco savings products shall have the following characteristics

7.1.1. Easy opening and accessibility of account by member;



- 7.1.2. Minimum amount to open an account;
- 7.1.3. **Minimum monthly contribution** - These accounts may be classified into bands/clusters with specified minimum amounts assigned for each band/cluster provided that the minimum amount shall not fall below Ksh.500.
- 7.1.4. **Competitive interest rates** - These accounts will attract competitive interest depending on the amount saved and the consistency of the saving; Interest paid on this account will be based on available earnings and paid at the end of each accounting period when management closes the books. Should there not be enough in available earnings the interest paid is to be reduced or eliminated for this account;
- 7.1.5. **Loan advancement**- The funds in this account may be used to secure loans. The loan amount extended to members will depend on the bands /clusters with higher band/cluster attracting a higher credit facility with longer repayment periods. Members can access up to 5 times their savings;
- 7.1.6. **Saving incentives** -The accounts will attract savings incentives like interest and personal budget tools at no extra cost to the members.
- 7.1.7. **M- Communities** – The M-community is a saving community comprised of self-selected group members who marshal saving among themselves via the Mombo App in order to realize a specific goal. It is an electoral unit recognized by the Society as defined by the nominations and elections policy and By-Laws.

7.2. Interest Rates on Savings

The determination of the interest rates on savings shall be guided by the following elements;

- 7.2.1. The interest rate on savings should be competitive in the market environment where the Sacco operates;
- 7.2.2. The interest rate should be reviewed periodically according to competitive patterns and should be adjusted in a timely manner according to the market;
- 7.2.3. The interest rate, calculation, capitalization term and payment conditions are differently applied according to the services offered by the Sacco to stimulate the benefits the Sacco would like to sell as an added value to a particular account;



- 7.2.4. If the financial market allows it, the interest rate on deposits should be higher than inflation rate, in order to preserve the user's cash value through real positive interest rates;
- 7.2.5. Nominal interest rates should be differentiated according to savings amounts levels, regardless of the different modalities to capture savings;
- 7.2.6. Minimum savings amounts should be established to open an account;
- 7.2.7. Real interest rate should be marketed by savings ranges, in order to show the competitive advantage of the Sacco;
- 7.2.8. The net interest rate should be sold as a competitive advantage, while keeping similarities with other financial institutions;
- 7.2.9. A negotiated interest rate can be offered within the market selective niches with a large savings capacity, where people maximize the yield for their savings;
- 7.2.10. The interest capitalization period, in different savings modalities, if applicable, could be daily, monthly or quarterly; -
- 7.2.11. To calculate interest, the 365-day calendar shall be used and the corresponding monthly calendar;
- 7.2.12. Upon settling a savings account, interest shall be counted until until the date upon which the member issues a notice to exit the sacco; The Sacco Board may vary the interest rate from time to time through a resolution.
- 7.2.13. The Sacco Board may vary the interest rate and product specifications from time to time through a resolution of the ADM passed in accordance to the by-laws ;
- 7.2.14. The Society shall deduct and remit all taxes and statutory deductions to the respective government agency.



8.0 MARKETING SAVINGS PRODUCTS

- 8.1. To mobilize savings, the Sacco shall apply aggressive marketing efforts to change its status in the market and improve saving activities from its membership through;
 - 8.1.1. Personal contacts with the members through the cross selling of products during their visits to the Sacco, at financial counseling sessions or workshops;
 - 8.1.2. Printed materials “targeted” towards the individuals or groups that the Sacco intends to reach;
 - 8.1.3. Social and electronic media reach. This type of marketing has an advantage because it usually is more personal and people who cannot read are reached;
 - 8.1.4. Awards and incentives to members good and consistent saving habits. These should be used for a limited time so that the award or incentive is something special to the members;
 - 8.1.5. Market expansion by directing Savings mobilization towards other geographical markets by opening new services in strategic areas of growth;
 - 8.1.6. Establishment of a marketing Department, which will be responsible for taking care in all its respective ventures, maintaining a solid and secure image of the institution through the implementation of the Sacco’s long-term strategic plan in mobilization of savings products. The Board and officials of the Sacco are to ensure that services offered by the Sacco are those desired by the members, offered at competitive prices with other local financial institutions and the members have convenient access to their money



9.0 ACCOUNT MANAGEMENT

9.1. Member Registration

- 9.1.1. All members of the Sacco shall have an individual account that will indicate at minimum the following personal details;
- i) Name in full;
 - ii) Gender and date of birth;
 - iii) Unique identification details (ID and/or passport details);
 - iv) Unique member and account numbers;
 - v) Address; and
 - vi) Accurate account balance.
- 9.1.2. The Sacco shall maintain the member account details in an electronic management information system and where feasible a manual system. A member number shall be allocated based on the members' register details.

9.2. Member Cessation

- 9.2.1. A member who ceases to be a member, by means of issuing the requisite notice, or by any other means in alignment with the By-laws shall receive the following amounts net-off any debts owed by him/her to the Sacco as a borrower, endorser, guarantor or otherwise:
- 9.2.1.1. The nominal or book value of his/her deposits whichever is less provided however, that the Board may require a maximum of sixty (60) day's written notice of intention to withdraw deposits;
 - 9.2.1.2. Any bonus, dividend or interest if any, due to him at the date which membership ceased; and
 - 9.2.1.3. Any other deposits or other sums held by the Sacco on the member's behalf.
 - 9.2.1.4. In the event of a member's death, the payments in 9.2.1.1, 9.2.1.2 and 9.2.1.3 above shall be made to the member's nominee in accordance with the Act, Rules and the Sacco By-laws.



9.2.1.5. The refunds are subject to full transfer of the share capital to another member as facilitated by the share transfers portal upon which the transfer fees is deducted from the member exiting the sacco.

9.2.1.6. The member's account shall then be closed.

9.3. Member statement

9.3.1. The Sacco shall enable members access their account statements at their discretion via the Sacco member access portal. The statements shall indicate one's savings contributions, loan repayments and any other relevant information and deductions in accordance with the rules and regulations.

9.4. Dormant account Management

9.4.1. A dormant account is defined in the SASRA regulations as one where 'no transactions have been made therein for a period of twelve months' as per Sec 27(1).

9.4.2. Members who wish to activate their accounts after falling dormant shall be allowed to do so by completing member reactivation form and updating their deposits.

9.4.3. In the event that an account becomes dormant and funds remain unclaimed for five years during which period the account holder makes no contact in writing or otherwise shows any interest in the funds, the Sacco shall deem the funds abandoned. The Sacco shall write to the member or nominee at the last known address giving 90 days' notice of their intention to close the account.

9.4.4. After the ninety 90 days' notice has expired, the Sacco will close the account and transfer the funds as guided by the Unclaimed Financial Assets Act.

9.4.5. The deposits shall only be transferred to UFAA if they are not guaranteeing other loans

9.4.6. The Sacco shall maintain an updated record of dormant accounts as well as those accounts forwarded to the UFAA.



10.0 POLICY REVIEW

The Sacco's Board is responsible for formulating, reviewing, and adjusting the savings policy and will review this policy on an annual basis and make changes if necessary, so that it is reflective of daily operations and requisite regulations.



11.0 APPROVAL OF THIS POLICY

This document was discussed and approved for implementation as the Savings Policy of Mombo Sacco with effect from.....

It is approved under Minute Numberof the Board Meeting held on

Designation	Sign	Date
Chairperson		23/10/2020
Secretary		23/10/2020
Treasurer		23/10/2020



12.1. Saving Products Clusters

	BRONZE SAVER	SILVER SAVER	GOLD SAVER	PLATINUM SAVER
TARGET	Youth below 24 years & mass market customers	Youth above 24 years & employed / business customers	Middle class -Savers looking to save for long term	High net worth customers; -customers looking to access huge funds over a period of time; Business customers looking to build their profile and borrow.
FEATURES & BENEFITS	Self account/opt in opening directly via Mombo App. -Minimum monthly savings of Kes.500/- -Ability to join a community; -Access up to 5 times savings; -4% interest on savings; -Monthly benevolent benefit.	Self account/opt in opening directly via Mombo App. -Minimum monthly savings of Kes.2500/- -Ability to join a community; -Access up to 5 times savings; -4.5% interest on savings; Monthly benevolent benefit.	Self account/opt in opening directly via Mombo App. -Minimum monthly savings of Kes.5000/- -Ability to join a community; -Access up to 5 times savings; -5% interest on savings; -Monthly benevolent benefit.	Self account/opt in opening directly via Mombo App. -Minimum monthly savings of Kes-.10,000/- -Ability to join a community; -Access up to 5 times savings; -6% interest on savings; -Monthly benevolent benefit.
PRICING	Membership fee of Kes.200	Membership fee of Kes.1000/	Membership fee of Kes.1500/-	Membership fee of Kes.2000/-



12.2. Share Capital Subscription Clusters

	BRONZE PLAN	SILVER PLAN	GOLD PLAN	PLATINUM PLAN
SAVINGS BENEFIT LIMITS	-Ksh 5,000 Maximum top up of savings to access credit	-Ksh 25,000 Maximum top up of savings to access credit	- Ksh 50,000 Maximum top up savings to access credit	- Ksh 100,000 Maximum top up savings so as to access credit
MINIMUM SHARE CAPITAL CASCADE	<ul style="list-style-type: none"> - Ksh 100,000 Credit Limit and in alignment to credit policy - 50 shares to be purchased upon registration - 50 shares to be purchased on the 12th month after registration - 50 shares to be purchased on the 24th month after registration - 50 shares to be purchased on the 36th month after registration 	<ul style="list-style-type: none"> -Ksh 500,000 Credit Limit and in alignment to credit policy - 100 shares to be purchased on registration - 50 shares to be purchased on the 12th month after registration - 50 shares to be purchased on the 24th month after registration 	<ul style="list-style-type: none"> - Ksh 1,500,000 Credit Limit and in alignment to credit policy - 100 shares to be purchased on registration - 50 shares to be purchased on the 6th month after registration - 50 shares to be purchased on the 12th month after registration 	<ul style="list-style-type: none"> - Ksh 5,000,000 Credit Limit and in alignment to credit policy - 100 shares to be purchased on registration - 50 shares to be purchased on the 3rd month after registration - 50 shares to be purchased on the 6th month after registration

