



MOMBO

Sacco

Endless possibilities

SAVINGS POLICY

FOR

MOMBO SAVINGS AND CREDIT COOPERATIVE SOCIETY LTD



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1.0 LIST OF ABBREVIATIONS AND INTERPRETATIONS

BOSA	Back Office Service Activities
SACCO	Savings and Credit Cooperative Society
Society	Cooperative Society
“Act”	means the Cooperative Societies Act;
“Rules”	means the Cooperative Society Rules 2004;
“Bylaws”	means the Mombo Savings and Credit Cooperative Society Bylaws;



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,

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 develop niche products through which Mombo Sacco can achieve a national competitive advantage;
- 3.3** To improve the market share of the Sacco's in the savings market.

4.0 FOSTERING THE CULTURE OF SAVING

- 4.1** The main objective of the Sacco is to promote a saving culture among its members as well as 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 must consider its members' savings needs just as carefully as it considers their borrowing needs.
- 4.2** Savings mobilization is one of the main objectives of the Sacco. It is the process of gathering amounts from many people into a pool that can be put to work in the economy through lending.
- 4.3** The members, the Sacco, and the Community benefit from savings in numerous ways;
 - 4.3.1** 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.



- 4.3.2** 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.
- 4.3.3** 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 by purchasing more. Increased sales mean more income and more employment in the community.
- 4.3.4** 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 savings.

5.0 MOBILISATION OF SACCO SAVINGS

- 5.1** 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.

To realize this objective, the Sacco may pursue a number of strategies namely;

- 5.1.1** Establish and maintain a functional, positive and progressive image of the Sacco that reinforces members' confidence in the safety of their savings;
- 5.1.2** Conduct regular market analysis and invest in a thorough knowledge of the targeted market, and market demographics;
- 5.1.3** 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;
- 5.1.4** Engage professional staff and enforce good working Standards;
- 5.1.5** Provide workable and competitive scheduling compatible with the needs of the members;
- 5.1.6** Effective, regular and innovative member education to facilitate attitude and mentality change to enhance voluntary savings;
- 5.1.7** Adequate protection mechanism for savings and lending services;



- 5.1.8 Implementation of short, medium and long term marketing programs;
- 5.1.9 Effective and efficient communication to members;
- 5.1.10 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.

6.0 SAVINGS PRODUCTS

6.1 Characteristics of the Savings Products

Mombo Sacco savings products shall have the following characteristics;

- 6.1.1 Easy opening and accessibility of account by member;
- 6.1.2 Minimum amount to open an account;
- 6.1.3 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
- 6.1.4 Competitive interest rates - These accounts will attract competitive interest depending on the amount saved and the frequency 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;
- 6.1.5 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;
- 6.1.6 Saving incentives -The accounts will attract savings incentives like interest and personal budget tools at no extra cost to the members.
- 6.1.7 Saving Communities – The saving community is characterized by group goal oriented saving comprised of self selected group members who marshal saving among themselves in order to realize a specific goal i.e. investment in potentially profitable opportunities. The group determines their saving goals, how much they need and their timelines. The Sacco may assist such groups to develop business plans, offer free financial consultancy services or conduct tailor made education to the groups as a saving incentive.



6.2 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-.10000/- -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/-

6.3 Interest Rate on Savings

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

- 6.3.1** The interest rate on savings should be competitive in the market environment where the Sacco operates;



- 6.3.2** The interest rate should be reviewed periodically according to competitive patterns and should be adjusted in a timely manner according to the market;
- 6.3.3** 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;
- 6.3.4** 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;
- 6.3.5** Nominal interest rates should be differentiated according to savings amounts levels, regardless of the different modalities to capture savings;
- 6.3.6** Minimum savings amounts should be established to open an account;
- 6.3.7** Real interest rate should be marketed by savings ranges, in order to show the competitive advantage of the Sacco;
- 6.3.8** The net interest rate should be sold as a competitive advantage, while keeping similarities with other financial institutions;
- 6.3.9** 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;
- 6.3.10** The interest capitalization period, in different savings modalities, if applicable, could be daily, monthly or quarterly;
- 6.3.11** To calculate interest, the 365 day calendar should be used and the corresponding monthly calendar;
- 6.3.12** Upon settling a savings account, interest should be counted until the previous day;

The Sacco Board may vary the interest rate from time to time through a resolution.



7.0 MARKETING SAVINGS PRODUCTS

- 7.1** 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;-
 - 7.1.1** Personal contacts with the members through the cross selling of products during their visits to the Sacco, at financial counseling sessions or workshops;
 - 7.1.2** Printed materials “targeted” towards the individuals or groups that the Sacco intends to reach;
 - 7.1.3** 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;
 - 7.1.4** 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;
 - 7.1.5** Market expansion by directing Savings mobilization towards other geographical markets by opening new services in strategic areas of growth;
 - 7.1.6** 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.

8.0 DEALINGS WITH MEMBER SAVINGS ON CESSATION AND UPON DEATH

- 8.1** A member who withdraws or is expelled by the General Meeting shall be repaid the following amounts after deduction on any debts owed by him to the Sacco as a borrower, endorser, guarantor or otherwise: -
 - 8.1.1** The nominal or book value of his 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;
 - 8.1.2** Any bonus, dividend or interest if any, due to him at the date which membership ceased; and
 - 8.1.3** Any other deposits or other sums held by the Sacco on the member’s behalf.
- 8.2** In the event of a member’s death, the payments in 8.1.1 above shall be made to the member’s nominee in accordance with the Act, Rules and the Sacco Bylaws.



9.0 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.

10. APPROVAL OF THIS POLICY

This document was discussed and approved for implementation as the Savings Policy of Mombasa Sacco with effect from 5th March 2019.

It is approved under Minute Numberof the Board Meeting held on 5th March 2019.

	Date	Sign
Chairperson		
Vice Chairperson		
Secretary		
Treasurer		



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