



AWE DIASPORA SACCO

SAVINGS POLICY

MARCH 2021

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Glossary of Terms abbreviations and Acronyms

Active member: Individual member who has contributed minimum savings consecutively for 6 months or more.

Deposits: Monies paid into a member's account held with the Sacco.

Dormant member: A member who has deposits with the Sacco but has not contributed monthly savings for a period of six months or more.

Inactive Member: A member who has deposits with the Sacco but has not contributed monthly savings for 3 months or more but less than 6 months.

Member: An individual or entity who has been admitted into membership in accordance with AWE Diaspora Sacco by-laws.

Savings: Shall have the same meaning as deposits.

SASRA: Sacco Societies Regulatory Authority

UFAA: Unclaimed Financial Assets Authority

UFAR: Unclaimed Financial Assets Regulations

L.P.O : Local Purchase Order.

L.S.O : Local Service Order.

A.M.L : Anti Money Laundering.

1.0 Introduction

1.1 Nature of Savings and deposits at AWE Diaspora Sacco

Savings refer to funds set aside by individuals for the purpose of catering for future needs both planned and unexpected. Savings can also be set aside for purposes of gaining tax benefits. AWE Diaspora Sacco, as a licensed Savings and Credit Cooperative Society is allowed to operate non-withdrawable deposit accounts for its members. These deposits/savings shall be utilized for the following purposes depending on account features:

- i. Security for loans.
- ii. Loan set-off upon a member's authorization.
- iii. Withdrawn to cater for specific member needs upon expiry of savings duration or upon member decision.

1.2 Policy Objectives

This policy aims at:

- i. Providing guidance on opening and operation of member's savings/deposit accounts.
- ii. Enhancing controls in regard to handling member funds especially dormant and inactive accounts.
- iii. Providing methods of mobilizing member savings.

1.3 Responsibilities

Board of Directors

The Board of Directors shall:

- i. Approve and ensure that the Sacco's savings policy is implemented
- ii. Ensure that the policy is updated at least once every year.
- iii. Provide resources for savings mobilization.
- iv. Ensure that regular audits are conducted on compliance with this policy

Education Committee

The Education Committee shall:

- i. Ensure member education on savings is conducted regularly.
- ii. Facilitate preparation of member educational materials relating to savings.

Sacco Management

The Sacco Management shall:

- i. Mobilize savings from members in accordance with the Sacco by-laws, strategic plan and savings policy.
- ii. Ensure excellent service delivery with a view to attracting savings.
- iii. Monitor savings activity and take action to minimize dormancy.
- iv. Ensure effective controls on savings accounts.
- v. Ensure full compliance with the Sacco savings policy.

2.0 General provisions

- i. Any person who has reached the age of majority, who understands the nature of Sacco transactions, and is capable of conducting transactions is eligible to open and operate a deposit account at AWE Diaspora Sacco.
- ii. Where one is a minor, a parent or guardian may open a deposit account on their behalf, with the understanding that the guardian operates the account for the benefit of the minor on the signature of the parent or guardian.
- iii. At such time that the minor reaches age of majority, a new account is opened in his/her name, and the old one closed.
- iv. Members shall operate deposit accounts subject to acceptance of prevailing terms and conditions, fulfilling membership requirements and providing the necessary documents as may be required at the time of opening the deposit account.
- v. Staff shall exercise caution when introducing new members to the Sacco to ensure that all such individuals are known to them and that they meet introducer requirements.
- vi. All accounts must be maintained as per the registered name of the individual as reflected on the individual's National Identity Card or Kenyan Passport and in the case of minors, his/her birth certificate.
- vii. Savings accounts will be opened upon proof of identity, vetting on Anti Money Laundering databases, provision of account operating signature and mandate. Photographs will be taken at the account-opening desk for future transactions identification; any exception will be at the discretion of the Sacco CEO.

- viii. Where a member is unable to sign his/her left thumbprint shall be affixed in the presence of 2 Sacco employees holding management positions and shall have the same force and effect as if it were the member's signature.
- ix. A witness must accompany a blind or deaf member during membership application, account opening or transactions.
- x. Transactions involving blind and deaf persons shall also be witnessed by 2 staff members one of which must be a manager.
- xi. The witness accompanying the deaf or blind member must always sign on the membership forms, account opening forms or the transaction documents.

3.0 Eligibility for Savings Accounts

- i. Savings products are available only to persons who have fulfilled membership conditions as outlined in the Sacco by-laws.
- ii. A member MUST have at least one savings product at any given time.
- iii. Members shall contribute a minimum KES 5,000 monthly non-withdrawable deposits/savings. This amount may be varied from time to time by the Annual General Meeting.
- iv. There shall be no upper limit to the amount or frequency of saving.
- v. The Sacco shall provide multiple savings channels which shall include but not be limited to mobile savings, bank deposits, bank transfers, standing orders, direct debits, RTGS and payroll deduction.
- vi. Members who wish to rejoin the Sacco after leaving shall be charged a rejoining fee as shall be determined by the board of directors from time to time.
- vii. Members whose accounts become dormant shall be charged an account reactivation fee as shall be determined by the board of directors from time to time.

4.0 MEMBER AND ACCOUNT DORMANCY

- i. Accounts with no member-induced activity for a period of 6 or more months shall be flagged as dormant.
- ii. These accounts shall be blocked in the system so as to allow only credit transactions into the account.
- iii. Dormant members shall not be eligible for loans or qualify to guarantee other members unless they reactivate their accounts and comply will all borrowing requirements.

- iv. Dormant accounts will be reactivated only after written authorization of the account holder. The instructions will be delivered by the account holder in person.
- v. Dormant account reactivation instructions on E-mail, telephone or any electronic means are therefore prohibited.
- vi. A management staff member shall interview the member to establish reasons for dormancy and verify identification before approving the instructions.
- vii. Where a member has one dormant account and another active account, dormant account restrictions shall apply only to the dormant account.

5.0 Dormancy and the Unclaimed Financial Assets Regulations

Account dormancy shall be subject to the requirements of the Unclaimed Financial Assets Act, 2011 and the Unclaimed Financial Assets Regulations 2016 where no member induced transactions are effected within 5 years. In this regard, dormant accounts shall be handled as follows:

- i. Efforts shall be made to ensure that members or their next of kin are contacted for purposes of ensuring that no accounts are classified as unclaimed financial assets.
- ii. Upon expiry of 5 years after becoming dormant, an account shall be classified as an unclaimed financial asset.
- iii. To ensure that accounts are not classified as unclaimed financial assets, members will be required to make a deposit, withdrawal or communicate in writing to the Sacco about their intention to continue operating the account at least once every 2 years.
- iv. Within 90 days of an account being classified as an unclaimed financial asset, the Sacco shall send a written notice to the member's last known address copied to his/her next of kin to inform them of the account being classified as an unclaimed financial asset.
- v. On 1st November of each year, the Chief Executive Officer shall file a report on all accounts classified as unclaimed financial assets as at 30th June of the same year in accordance with the provisions of Section 20 of the Unclaimed Financial Assets Act 2011 and remit the balance in the account in accordance with Section 22 of the Unclaimed Financial Assets Act 2011.
- vi. Where a member has one account that qualifies as an unclaimed financial asset and others that do not, none of their accounts shall be classified as an unclaimed financial asset.

- vii. Board of Directors and Management shall ensure that this section remain compliant with any future amendments to the unclaimed financial assets laws and regulations.

6.0 Savings products

i. Minors' savings and accounts

- Savings accounts for persons below 18 years shall be classified as minor accounts.
- Minor accounts shall be opened by the minor's parent or guardian who shall operate the account in accordance with the Sacco terms and conditions.
- The parent/guardian must be an active member and must supply all account opening requirements including the minor's birth certificate while opening the account.
- Minor savings accounts shall not be used as collateral for lending and the minors will not be eligible to guarantee other members.

ii. Term Savings and Deposit Accounts

- Members can operate term savings and deposit accounts under terms and conditions approved by the Board of Directors.
- Term savings and deposit accounts shall be held for a minimum of 3 months and a maximum of 12 months and shall be subject to renewal under terms and conditions negotiated at the time of renewal.
- Term savings and deposit accounts shall be subject to the unclaimed financial assets Act and Regulations.

iii. Joint Savings and Deposit Accounts

- Members can operate joint savings and deposit accounts under terms and conditions approved by the board of directors under each savings account category.
- Both holders of joint accounts must be members of the society. Mandate for operation of joint accounts must be clearly specified.
- However, regardless of account operating mandate, all joint account holders must authorize account closure. Savings in joint accounts cannot be used as collateral for loans without approval of all joint holders.

iv. Spousal Savings

- A member can open a savings or deposit account jointly with a spouse under terms and conditions approved by the board of directors.

- Such accounts shall not qualify the spouse for membership unless the spouse joins as a member in their own right.

7.0 APPROVAL AND ADOPTION OF THE POLICY

This document was discussed and approved for implementation as a policy and

Procedures of the SACCO in respect to Savings Policy with effect from _____
_____2021 .It is approved under Minute Number _____ of Board of Directors Meeting held
on_____.

We the undersigned executive officers of AWE Diaspora SACCO Society Ltd hereby adopt the
Savings Policy for and on behalf of the Society.

TITLE	NAME	ID NO	SIGNATURE
Chairman			
Vice Chairman			
Secretary			
Treasurer			

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8.0 Appendices

8.1 Appendix 1: Savings and Deposit Accounts

Shares

This is a portion of members equity in the SACCO

- Minimum ksh.5,000
- Earns dividends annually
- Dividends will be automatically be capitalize for any member holding less than the minimum share capital
- Non-refundable but can only transferred to existing member

AWE Main Savings

- **Compulsory** for all members
- Non-withdrawable deposit account
- Minimum monthly savings of KES 5,000.00 per month payable by 10th of every month
- No maximum savings or frequency.
- Can be used as collateral for loans subject to credit policy and Sacco by-laws.
- Interest: Payable annually as per Annual General Meeting approval

AWE Fixed Deposit Account

The Fixed deposit account is a withdrawable deposit account where depositors can place short term deposits for a specified periods of time usually between three to twelve months. The account targets members with large sums of money that they have put aside for investment and they are certain of the period that they can commit the funds.

- Optional Account
- Minimum Amount: KES 50,000.00
- No maximum amount
- Minimum period 3months while maximum is 12 months.
- The customer is issued with a Certificate of Deposit upon depositing the money.
- The Certificate of Deposit details the amount deposited, date deposited, interest rate applicable, contract period and the maturity date.
- Upon maturity the depositor can rollover the principal together with the interest or collect interest and rollover the principal or collect both principal and interest.

- Interest rate is based on market rates at the time of deposit or roll-over.
- 50% interest penalty for early liquidation.

AWE Call Deposit Account

- Optional Account
- Minimum Amount: KES 50,000.00
- No maximum amount
- Minimum period: 7 days subject to roll-over
- Maximum period: 365 days subject to roll-over
- Interest rate: based on market rates at the time of deposit or roll-over.
- 50% interest penalty for early liquidation

AWE Junior Savings Account

Savings plan for children ,it helps members accumulate savings for paying school fees.

- Membership fee KES 500.00.
- Minimum Savings: KES 500.00 per month
- No maximum savings or frequency
- Interest payable annually based on main savings interest declared at the Annual General Meeting.
- Free school fees bankers' cheque every 3 months.
- 4 free withdrawals each year.
- KES 500.00 fee for withdrawal transaction beyond the 4th withdrawal.

AWE Holiday Savings Account

- Optional Account
- Minimum monthly savings: KES 2,000.00
- No maximum amount or frequency
- Minimum period: 6 months
- No maximum period.
- Interest rate: based on main savings deposit interest rate as approved at AGM.
- Maximum 2 withdrawals in a year.
- KES 500.00 fee for all withdrawals beyond the 2nd withdrawal

Joint Accounts

- Allowed for call and fixed deposit accounts

Spouse Accounts.

- Allowed for call and fixed deposit accounts

AWE Chama Savings

The Chama Savings account is a withdrawable deposit account that targets members with group savings commonly known in Kenya as "Chama". The members of the group need not be AWE Sacco members provided one third of the group members are AWE Sacco member.

- The group must have at least one third of the members who are AWE Sacco members.
- The group must have at least three signatories to the account.
- Minutes of the group meeting authorizing the officials to open the account shall be required to open the account.
- The group must have a name preferably registered.
- The mode of contribution is Mpesa, check-off, standing order or by direct deposit.
- Minimum account maintenance balance is Ksh.5,000.
- Minimum interest earning balance is Ksh.100,000
- Minimum monthly deposits of Kshs 10,000.

8.2 Appendix 2: Account Opening Requirements:

Main Savings Fixed and Call Deposit Accounts

Individuals

- National ID or Kenyan passport of the member.
- Introduction from a known member or referee.
- 2 passport size photos of the member
- Proof of employment, income or occupation e.g. pay slip, business license, practicing license, employment contract, LPOs, LSOs, business visits report etc.
- Evidence of verification of occupation, employment and income e.g. call to referee, business or practicing license verification etc.
- Satisfactory AML watch list check

Minors

- Birth Certificate/ Notification / Baptismal card of the minor
- Two colored Passport sized photos of the minor
- National ID or Kenyan passport of the parent/guardian.
- Parent/guardian introduction from a known member or referee.
- 2 passport size photos of the parent/guardian
- Proof of employment, income or occupation of parent/guardian e.g. pay slip, business license, practicing license, employment contract, LPOs, LSOs, business visits report etc.
- Evidence of verification of occupation, employment and income of parent/guardian e.g. call to referee, business or practicing license verification etc.
- Satisfactory AML watch list check on the guardian/parent.

Registered entities

- Registration/incorporation certificate e.g. NGO/Society/Group/business registration certificate, certificate of incorporation etc.
- Governing documents e.g. Constitution, by-laws, trust deed, memorandum & articles of association.
- Satisfactory confirmation of validity of existence e.g. business search, NGO council search etc.

- Two colored Passport sized photos of all signatories
- National ID or Kenyan passport of the signatories.
- Introduction from a known member or referee.
- Proof of source of income e.g. business license, practicing license, contracts, LPOs, LSOs, business visits report etc.
- Evidence of verification of source of income e.g. call to referee, business or practicing license verification etc.
- Satisfactory AML watch list check on all signatories & the entity.