



USHURU CO-OPERATIVE SAVINGS
AND CREDIT SOCIETY LIMITED

TRANSCENDING ECONOMIC VOLATILITY

2017 | EDUCATION TEXT



*Quality and Highly Efficient
Services to Members since 1970*



Slogan

“Huduma Maradufu”

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BOARD OF DIRECTORS



Isaac Kiprop
National Chairman



Frank Robert
National Hon. Secretary



Onesmus Nzuki
National Vice Chairman



Samuel Wachiuri
National Treasurer



Oliver Sikuku
Director



Patrick Chelule
Director



Boaz Chimasia
Director



Dominic Mokaya
Director



Emily Obonyo
Director



William O. Pudha
C.E.O.

MESSAGE FROM THE NATIONAL CHAIRMAN

I wish to welcome you all on behalf of the Board of Directors and staff of UShuru SACCO to the year 2017 Members Education Program.

The prevailing economic situation, though fairly stable is also turning out to be highly unpredictable. This is because of the volatile state of emerging developments in the macro-economic environment. The condition has been characterized by a high inflation, growing government debt as a result of foreign borrowing, and the adoption of the interest capping bill into law amongst other contributing factors. This essentially paints a grim picture for economic players across the sectors and calls for institution of remedial measures in order to survive emerging issues unfolding in the volatile economic environment.

The SACCO sector as a significant player in the economic scene has not been spared in this turbulence of events. The traditional market niche that was initially presumed to belong to the SACCO sector in the financial services industry is no longer its preserve. This is because of the intrusion by the commercial banks and other mainstream players who are jostling for the same clientele in the market. This has largely been caused by the low-capped interest rates that seem to appeal to a majority of bonded members in the cooperative block.

We are alive to these developments and the far reaching implications they have on our Society's operations. The surged stiff competition in the market necessitates revision of our strategic objectives besides mitigation against potential threats in our operating environment. That is why we have installed the business development function in our framework to fast track expansion of our bond and improve membership enrollment in order to establish our footprint as a member-centric Society.

The SACCO has further embarked on galvanizing its core infrastructure to facilitate and streamline its operations. This includes upgrading our System to a more versatile Version, and retaining highly motivated, competent, and professional staff to execute our cooperative mandate in an expedient fashion. It is in the same bid that we are putting up a state of the art office block to accommodate the secretariat.

In wake of this developments, the SACCO has also reviewed its strategic plan for the year 2013-2017 and subsequently developed a new one that extends from the year 2018-2022 to steer us through this volatility. In response to the lowered lending rates by the commercial banks, we effectively revised our special loan rates to accommodate our membership favorably and competitively. Some of our products have equally been customized to deliver our promise that is largely premised and edged on a fast Turn-Around-Time, Competitive Pricing, and Flexible repayment periods that favor member preference. These are just but a few of the numerous steps we are taking to stay on course as a SACCO. The SACCO endeavors to deliver on its quest of offering its membership unparalleled service despite the manifesting few hitches in our cooperative bid. We envisage Ushuru SACCO transforming into a Society of Choice with the measures that have been put in place. I am certain that these are steps in the right direction to best cope and transcend economic challenges in the SACCO sector. I also wish to encourage you to join us on this journey and welcome your valued feedback for constructive engagements around the society's growth objective.

I would like to register my appreciation to the Board of Directors, Management, Staff and the general membership of Ushuru SACCO for the support you accorded us through the year 2016. I wish you a fruitful Education experience!

Isaac Kiprop
National Chairman

MESSAGE FROM THE EDUCATION COMMITTEE CHAIRMAN

Introduction

The unfolding trends in the macro-economic scene potentially threaten the existence and survival of industry players in the SACCO and financial services sector. There is a resounding outcry by global players who have issued profit warnings, executed staff lay-offs as a cost-cutting remedy, adopted stringent policies and revised their strategic objectives all in a bid to survive the prevailing volatility. These factors have informed our commitment and resolve to transcend the manifesting volatile trends as we pursue our Society's vision and mission.

To bolster our growth as a SACCO and to remain economically relevant in the wake of such volatile concerns; it therefore goes without say that we must embrace a nimble approach in curbing any threats to our cooperative agenda and safeguard our strategic premise. This is why going forward we intend to transcend the challenges we face and thrive beyond existing threats by instituting necessary remedial actions that will ensure we realize progress while we stay on the course of our cooperative objective. Measures adopted in this regard will border issues concerning the following:

- 1) Growing Member Expectations- Dividend Payout and UIC
- 2) Product Changes: M-poa, Jongea, and Tiba Loan
- 3) Financial Sustainability
- 4) System upgrade- Navision 2016
- 5) New Office Block

Growing Member Expectations

Dividend Payout

Our authority in the market remains undeterred and we keep on delivering on our cooperative promise to offer unparalleled member service. Our dividend payout for the year ended 2016 was well within industry rates and we shall endeavor to pay better in future when prevailing economic factors favor such returns. We are alive to this expectation and it has also not escaped our attention either that there are appealing lures from our competition. We also wish to confirm and affirm that the SACCO is well up to the task of meeting members growing financial needs. This is also largely dependent on members increasing saving margins as a reciprocal of goodwill.

UIC

This is a fully fledged investment Society registered under the Co-operative Act whose main function is to engage in Investment Activities on behalf of its members.

This Entity was essentially put in place to tap into the numerous Investment Opportunities that could benefit our membership.

The Main Objectives of the Investment Co-operative is to:

- i) Invest member's contributions lucratively in identified ventures that can maximize their returns on Investment
- ii) To acquire, lease or otherwise dispose off the building(s) and other fixed properties as necessary
- iii) To purchase, take on lease or exchange, hire or otherwise acquire any movable or immovable property

- iv) To improve, manage, develop and turn to account, grant rights or privileges of the society
Members can acquire these properties in different modes
 - Cash payments
 - Loans Acquisition from the SACCO
 - External Financing (Personal or Arranged)

Product Changes

A number of our products have also been tailored to meet members' unique financial needs whereas complying with the statutory obligation of acceptable practice in executing our cooperative mandate. The below highlighted products have been revised to capture new features as follows:

Jongea Loan

Jongea loan was customized to integrate first time borrowers who would not necessarily have to wait for the 3 month waiting period to accumulate the targeted savings to qualify for loaning. This product had a plough-back feature of 25% that would be withheld to build up an applicant's savings. Going forward the same feature will apply; however, the loan amount applied will be advanced less the amount of accumulated savings. This figure will go to the member's share capital. –

Tiba Loan

The loan product was tailored to cover the deficit of share deposit required to take up a loan. This deficit has been revised and capped at half of the member(s) accumulated savings not exceeding the sum of Ksh. 200,000.

M-poa Loan

The M-poa loan has a one-off facilitation fee of 10% and could only allow one access up to a maximum of Ksh. 10,000 repayable within a month. The amount legible for application has been increased to Ksh. 20,000

Financial Sustainability **Consolidating Our Asset Base**

It is an inevitable requirement that for any prospective venture to remain stable in the wake of volatile pressures; it should maximize their returns whereas it minimizes on loss and cushions against risks in order to sustain desired growth and stability.

Our competition in the market has reacted to emerging threats by raising the bar of the required minimum share capital to record highs in a move to protect their profit margins and stabilize their financial standing. Benchmarking on these measures adopted by our competition and the general trend in the SACCO sector, we as a Society have also revised our minimum share capital in a bid to consolidate our asset base

It is therefore imperative that members in our bond embrace this resolution by maximizing their stake in the Society. This requirement which is in compliance to the statutory provisions of financial soundness will go along way in adding member value. Going forward therefore the minimum share capital per member will be raised from Ksh. 10,000 to Ksh. 30,000 with

effect from 1st of July, 2017. This is a sobering indicator that should motivate prospective members to increase their share capital in the society to be in good standing with this resolve. It is our appeal to the entire membership to embrace the revisions that have been put in place.

System Upgrade- Navision 2016

We are transiting our core system from the previous Navision 2009 to a more advanced system of Navision 2016 which is multi-faceted to handle a broad spectrum of functionalities that meet specific user requirements. We are set to go live after the conclusion of the final upgraded phases of Navision 2016 system which will streamline our internal processes for efficient service delivery that will ultimately improve staff and members' convenience.

The new system is a move in the right direction to ensure that we stay technologically up to date in a dynamic digital era. It is more efficient, highly convenient and optimized to meet a wide array of user requirements in a seamless fashion.

New Office Block

Owing to the previous ADM 2016 delegate resolution, we have commenced the construction of an office block in Kilimani's Wood Avenue, Nairobi. I wish to confirm herein that construction of the 8-storeyed state of the art office block which will accommodate the SACCO staff and its accessories is presently ongoing. The Secretariat is set move from the present premises at Forodha which was sublet by the KRA to the new residence after completion of the new block.

The extra space on the block will be sublet for rental income. In order to ensure 100% ownership of the premises by the SACCO, the Society's internal funds are sufficient to cushion the project up to a tune of Kshs 113 Million which will leave a deficit of Kshs. 82 Million. This implies an additional injection of equity has to be made in order to complete the project. However, we are well on course with on-going construction currently on the fourth floor.

Ongoing Construction of the Ushuru Plaza



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Owing to the prevailing macro-economic factors and the dynamic nature of our operating environment, we as a Society have embarked on forestalling potential risks to sustain our cooperative agenda. This has necessitated a system upgrade to optimize performance and streamline internal processes for efficiency and convenience. The recently posted financial results have further given us insights on areas that require urgent redress to bolster growth and stability in a highly volatile economy. Some of our products have subsequently been restructured to engender financial soundness and health in our offering. The Society has also created a Business Development function that will broadly assess the society's market performance, entrench member service, and accelerate Ushuru's growth.

Family Records and Next of Kin Forms

We have also noted with concern issues emerging on member's records as regards their next of kin details. There is need that members frequently update their family records from time to time. The said beneficiaries should preferably be relatives drawn from their nuclear family. Members are advised to apportion the respective allocations wisely to avoid hitches upon claiming. The trusted beneficiaries should be informed about member's stake in the SACCO to ease on transactions in case of demise.

There are is a next of kin form downloadable from the Society's website. The form is a mandatory requirement under Section 39 of the CO-operative Societies Act (Cap 490A) laws of Kenya. There is more reason for members to take note that the law does not apply succession protocol when it comes to member savings in cooperative societies.

Loan Documentation and Entries

We also wish to remind our members to properly input and capture their loan details upon submitting their applications to avoid back and forth and to save on turnaround time. There is a growing tendency of loan applicants forging guarantor details and signatures. This amounts to violation of policy and is an admissible offence by law. We therefore wish to advise that members follow due procedure and desist from such malpractice that may compromise their good standing.

Loan Guarantee

Members can Guarantee up to a maximum of 3.5 times of their minimum share deposits. We encourage our members to network and bond closely in order to

ease on guarantor access. We discourage the tendency of faking guarantor details and observe utmost integrity in their SACCO dealings to avoid undue humiliation.

Member Statements

We encourage our members to update their email addresses to enable us furnish them with their statements annually. The same addresses come in handy when we want to make a communication at their ease and comfort. The statements can easily be accessed via the web portal on real time apart from other user required documents.

Cut-Off Dates for Check Off

We urge all our members to observe the set deadlines for executing all check-off instructions for smooth transactions with their respective employers. We therefore wish to stipulate that the set cutoff date for the Society is the 4th day of every month. Any late submissions will be rolled over for consideration to the subsequent month.

Standing Orders and Cash Payments

In order to cut down on un-reconciled deposits which largely costs the SACCO and extensively affects the members due to incurred penalties accruing from late submissions of pay in slips, we urge our members to escalate such transactions in time. Whether such transactions be in cash or standing orders, there is need for members to notify the Society to facilitate reconciliation.

Share Boosting

We wish to commend members to keep injecting and increasing their share standing in the SACCO in order to maximize their stake in the Society. However, such injections should not be with intention to fast track loan application. The 3-month waiting period shall still hold. In case of a special need arising, this should be captured in writing and addressed to the Board for consideration.

Officials and staff in a team building jig



MEMBER SERVICE CHARTER

	SERVICE	REQUIREMENTS	DURATION EXPECTED TO TAKE	DEPARTMENT
1	Email and written correspondence		<ul style="list-style-type: none"> Reply within 24 hrs 	Administration
2	Telephone call		<ul style="list-style-type: none"> Immediately 	All
3	General enquiries at desk		<ul style="list-style-type: none"> 5 minutes 	All
4	Membership application	<ul style="list-style-type: none"> Duly filled membership forms Copy of National ID and Colored passport photo 	<ul style="list-style-type: none"> Confirm receipt within 48 hrs Board approval within 30 days 	Administration
5	Social media comments & inquiries	<ul style="list-style-type: none"> Stable Internet Service 	<ul style="list-style-type: none"> Response within 1 hour 	Marketing
6	Requests for Marketing visit		<ul style="list-style-type: none"> Confirmation within 24 hrs 	“
7	Almasi loan processing	<ul style="list-style-type: none"> Duly filled loan application form Signed by a witness 	<ul style="list-style-type: none"> Maximum 30 minutes 	Credit
8	Normal, Refinance, Emergency, School fees, Jongea, Tiba and Shujaa loan	<ul style="list-style-type: none"> Duly filled loan application form Signed by guarantors Copies of two latest pay slips Copy of National ID Loan form endorsed by employer Signed by witness 	<ul style="list-style-type: none"> Within 48 hrs 	“
9	M-poa Loan	<ul style="list-style-type: none"> M-Sacco registered members 	<ul style="list-style-type: none"> Within 2 minutes 	IT
10	Refund deductions from payroll	<ul style="list-style-type: none"> Attached relevant evidentiary documents 	<ul style="list-style-type: none"> Within 24 hrs 	Credit
11	M-Sacco registration(walk ins)	<ul style="list-style-type: none"> Duly filled M-Sacco registration form Copy of National ID 	<ul style="list-style-type: none"> 5 minutes 	IT
12	M-Sacco registration (via email)	<ul style="list-style-type: none"> Duly filled M-Sacco registration form Copy of National ID 	<ul style="list-style-type: none"> Within 12 hrs 	“
13	Live chat responses	<ul style="list-style-type: none"> Stable Internet Service 	<ul style="list-style-type: none"> 2 minutes 	“
14	M-Sacco pin resets	<ul style="list-style-type: none"> Phone call or written request 	<ul style="list-style-type: none"> 5 minutes 	“
15	Portal password requests	<ul style="list-style-type: none"> Phone call or written request 	<ul style="list-style-type: none"> 10 minutes 	“
16	Receipting deposit slips(walk ins)	<ul style="list-style-type: none"> Deposit slip 	<ul style="list-style-type: none"> 5 minutes 	Finance
17	Receipting deposit slips (via email)	<ul style="list-style-type: none"> Deposit slip 	<ul style="list-style-type: none"> Within 12 hrs 	“
18	Receipting standing orders	<ul style="list-style-type: none"> Standing order 	<ul style="list-style-type: none"> Within 20 minutes 	“
19	Cash payments	<ul style="list-style-type: none"> Copy of National ID 	<ul style="list-style-type: none"> Within 10 minutes 	“
20	Loan encashment	<ul style="list-style-type: none"> Copy of National ID 	<ul style="list-style-type: none"> Within 10 minutes 	“
21	Preparation of cheques	<ul style="list-style-type: none"> Copy of National ID 	<ul style="list-style-type: none"> Within 48 hrs 	“
22	Investment withdrawal	<ul style="list-style-type: none"> Duly filled investment withdrawal form Copy of National ID 	<ul style="list-style-type: none"> Within 30 minutes 	“
23	Membership withdrawal	<ul style="list-style-type: none"> Duly filled membership Withdrawal form Duly executed guarantor substitution forms 	<ul style="list-style-type: none"> Within 2 months 	“

RESOLUTIONS IN THE YEAR 2017

The 31st Annual Delegates Meeting discussed and passed the following as resolutions for implementation: -

1. That Dividends on paid-up Share capital for the period ending 31st December 2016 be paid to members as re-capitalization at 12% (less withholding tax) in the month of April 2017.
2. That Interest on Members' deposits for the period ending 31st December 2016 be paid to members at 10.5% on weighted average basis (less withholding tax) in the month of April 2017. This will apply to deposits held with the Society as at 31st December, 2016.
3. That Interest on Members' Investment products for the period ending 31st December 2016 be paid to members at 9% on weighted average basis (less withholding tax) in the month of May 2016. This will apply to Investment deposits held as at 31st December, 2016.
4. That Honorarium at prescribed rates be paid to the Management Board, Supervisory Committee members and Branch officials. The Staff also be paid a bonus as prescribed.
5. That the Society's borrowing power is increased to Kshs Fifty (50) million for the purpose of furthering the objectives of the Society.
6. That the Society's minimum share capital per member is set at KShs 30,000 to be enforced from the month of July 2017.
7. That the term of delegates be extended from one year to two years' subject to terms and conditions of the election policy.

i. General information of the Society

1. Due to un-updated records, we encounter challenges in processing claims when members lose loved one. Members are advised to download the Family Record Form and Next of Kin Form from the Sacco website, fill and submit to the Society to avoid any inconveniences on claim.
2. As was passed in the year 2015 delegates meeting, we wish to remind membership that members education shall be conducted in the month of May 2017, schedule as posted on the Sacco Website. Members are encouraged to plan and attend these important sessions where issues of the Society shall be deliberated.

2017 ADM ON SESSION



FINANCIAL PERFORMANCE

Year	Membership	Share /Deposits Kshs (weighted)	Loans To Members Kshs	Gross Income Kshs	Interest/ Dividend Kshs	Average Dividend/ Interest (Percentage)
1999	2532	142,548,300	148,944,200	15,435,000	9,211,400	6.5%
2000	2223	161,522,400	138,563,500	19,859,500	12,585,800	7.8%
2001	1953	165,351,100	165,351,800	19,281,300	11,287,200	6.8%
2002	2015	215,341,200	233,465,300	24,186,300	14,765,900	6.8%
2003	2025	270,384,100	284,683,400	32,046,800	22,105,700	8.2%
2004	2137	323,617,500	355,000,700	37,151,500	27,507,500	8.5%
2005	2189	402,058,600	436,039,400	46,857,500	32,968,800	8.2%
2006	2335	491,550,100	538,962,800	53,396,000	40,798,700	8.3%
2007	2568	610,556,600	668,836,100	69,226,500	54,950,000	9.0%
2008	3056	731,420,700	800,435,700	77,278,900	54,856,500	7.5%
2009	3424	866,126,490	966,506,200	101,658,600	68,767,800	8.0%
2010	3568	1,044,271,903	1,047,172,700	125,732,700	87,807,200	*9.0%
2011	3781	1,227,971,411	1,199,996,600	182,377,800	106,959,480	*9.0%
2012	4000	1,446,103,014	1,526,762,808	194,136,080	133,675,388	*10.0%
2013	4298	1,659,169,217	1,632,784,028	228,238,318	157,242,074	*10.2%
2014	4405	1,832,003,951	1,738,645,750	255,568,877	168,030,330	*10.4%
2015	4817	2,096,594,617	2,153,121,256	308,812,090	201,033,800	*10.5%
2016	5390	2,501,944,562	2,435,313,623	340,368,555	229,480,125	*10.5%

* The percentages in asterisk are computed on weighted average month by month basis based on the new regulatory requirements.

FINANCIAL PERFORMANCE

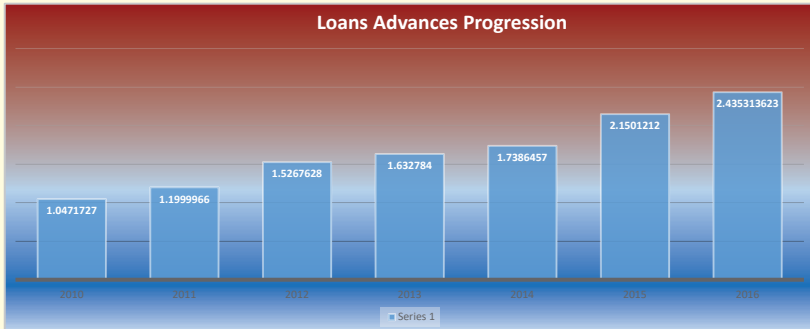
MEMBERSHIP



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Business Development Slides-2017

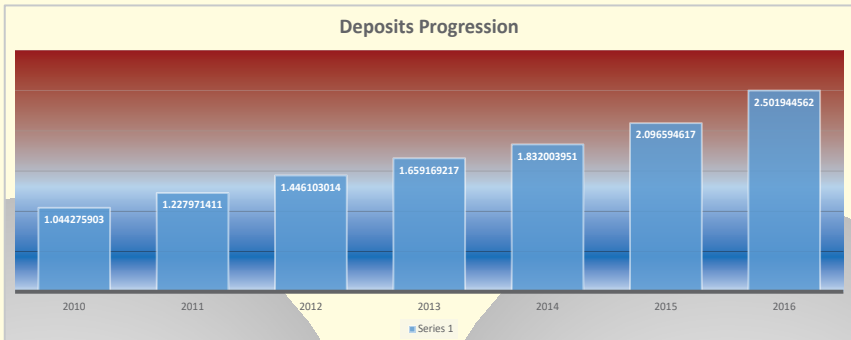
MEMBERS LOANS



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Business Development Slides-2017

SHARE DEPOSITS

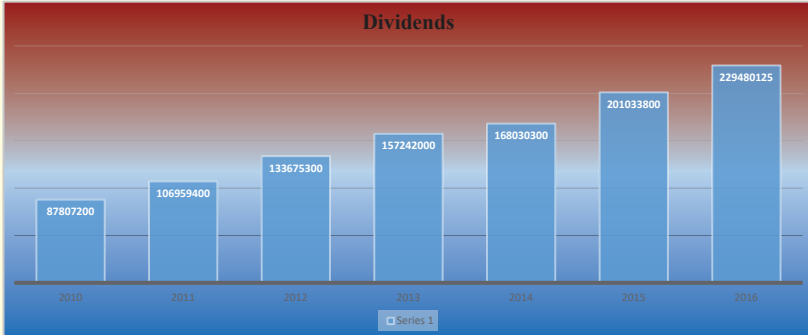


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Business Development Slides-2017

FINANCIAL PERFORMANCE

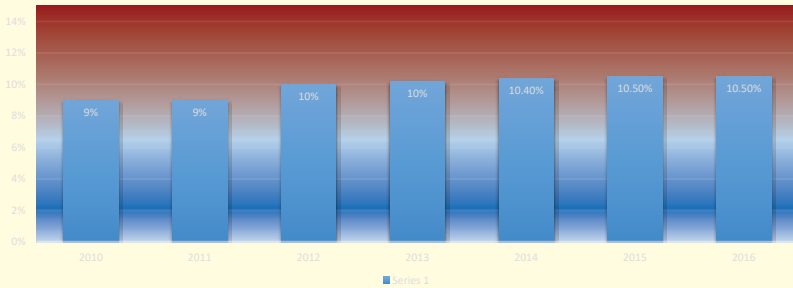
Absolute Dividend Pay Out



Huduma Maradufu! Business Development Slides

Percentage Interest on Dividends

Dividend Rate



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Business Development Slides-2017

BRANCH OFFICIALS

NAIROBI BRANCH



Ayub Gichana
Chairman



Caroline Malimba
Treasurer



Susan Rita
Secretary

MOMBASA BRANCH



Edward Talam
Chairman



Cecilia Mwamino
Treasurer



Fredrick Ochong
Secretary

KISUMU BRANCH



Julius Owuor
Chairman



Lucas Mkindi
Treasurer



Rose Latenya
Secretary

ELDORET BRANCH



Ayub Gichana
Chairman



Caroline Malimba
Treasurer



Susan Rita
Secretary

VISION

To be a leading world class preferred and trusted SACCO in the provision of unique, quality and highly efficient services to members

MISSION

To provide timely and conveniently innovative, competitive, affordable as well as accessible products and services

SLOGAN

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