

INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS OF KENYA
PUBLIC SECTOR TAX SEMINAR



INNOVATION; ROAD MAP TO SUCCESS
“CASE OF KENYA POLICE SACCO SOCIETY”

4TH JUNE 2015
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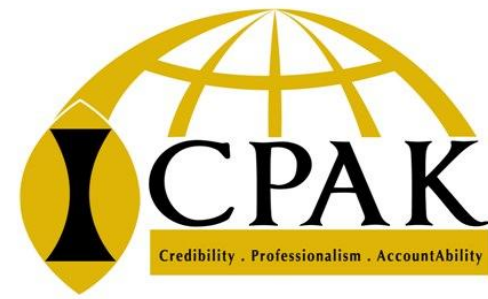
“TAX TRANSPARENCY FOR ACCOUNTABILITY AND SHARED PROSPERITY”

WHAT IS INNOVATION?



- ✓ Innovation is the profitable implementation of ideas
- ✓ Implementing new ideas that create value “
Innovation Network, US”
- ✓ The intersection of invention and insight, leading to the creation of social and economical value “US, National
Innovation Initiative”

RATIONALE



An innovation can increase profits on the value side (customers value an innovation enough to pay more for it)

OR

On the cost side (the Company produces a product offering in a more efficient way)

FROM WHICH SIDE



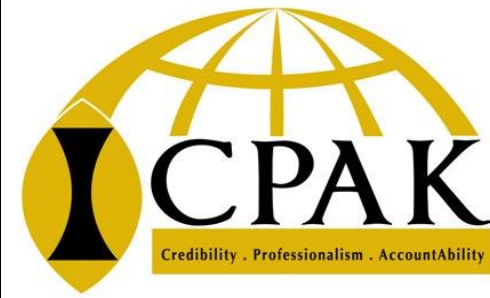
- ✓ Innovation can occur anywhere in the firm business and by anyone. There is great potential
- ✓ There is no shortage of ideas and invention in the work. The challenge is to introduce these successfully to a market.

BENEFITS



- ✓ Reduces waste and environmental damage
- ✓ Creates growth, increase productivity, Economic wealth (avoids stagnation)
- ✓ Provides better goods and services at cheaper price-standard of living
- ✓ More interesting work for employees
- ✓ Survival –Remember KODAK

TYPES OF INNOVATION



Value Innovation

Revolutionary
Innovation

Service Innovation

Management
Innovation

Revolutionary
Innovation

Business Model Innovation

Structural Innovation

Market Innovation

Process Innovation

Strategic Innovation

Product Innovation

Technological Innovation

Brand Innovation

Disruptive Innovation

PRINCIPLES FOR INNOVATION



- ✓ Be action oriented
- ✓ Make product, process or service simple and understandable
- ✓ Make the product process or service customer based
- ✓ Start Small
- ✓ Aim high
- ✓ Try, Test, Revise
- ✓ Learn from past failures

WISDOM



“He who innovates will have for his enemies all those who are well off under the existing order of things and only a lukewarm support in those who might be better off under the new”

(Niccolo Machiavelli, The Prince)

WHY INNOVATION?



- ✓ Kenya has over 30 million mobile subscribers
- ✓ Kenya has the highest mobile money usage in the world -71%
- ✓ Kenya has an estimated 5 million face book & twitter users
- ✓ Kenya has 20 million internet users most of them on mobile

WHY INNOVATION?



- ✓ Kenya is 2nd highest tweeting nation 57% on mobile
- ✓ By 2050 70% of Kenya population will be urbanised
- ✓ There are more I phones or Samsung Galaxies sold than born babies every day i.e. 74 Million I phones sold in the 4th quarter in 2014.

KENYA SACCO PERSPECTIVE



The Sacco movement has evolved in the past over 40 years into a formidable force for the social and economic transformation of Kenyan people.

In Kenya we have over 7,000 registered Sacco's i.e. 44% of total 16,000 Co-operatives

KENYA SACCO PERSPECTIVE



Out of the 7000 Saccos 215 (3%) have FOSAs offering basic banking services across the country but only 186 Saccos are licensed.

All Sacco's have mobilised over KSH.400 Billion in savings i.e. more than 20% of the National Domestic savings.

The 215 SACCOs with FOSAs have mobilised over 80% of the savings
KSH.320 Billion

SACCOS MISSION



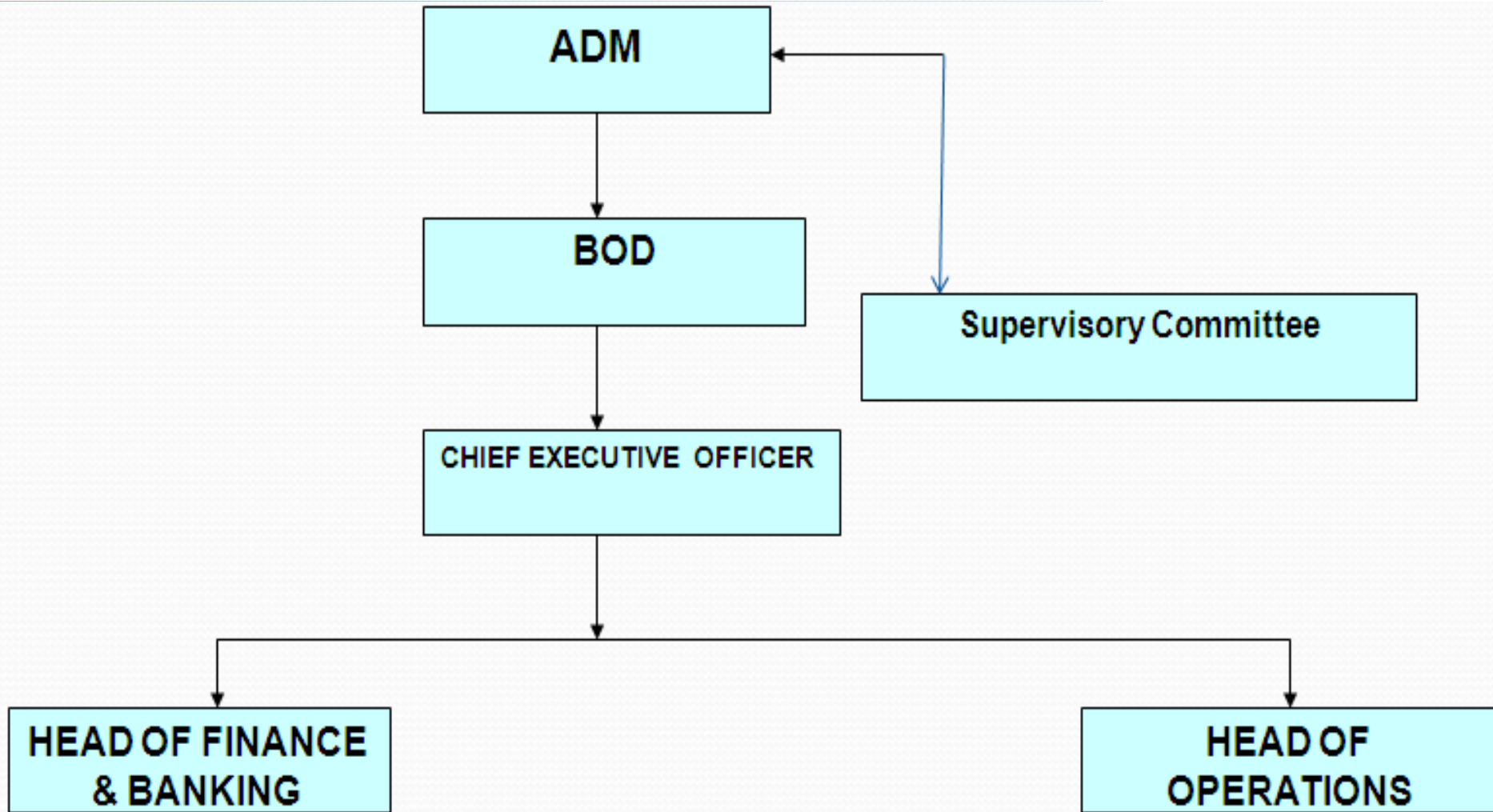
- ✓ Mobilize savings,
- ✓ Provide diversified financial products & services
- ✓ Maximize returns to stakeholders
- ✓ Vehicle for Investments

KENYA POLICE SACCO



- ❖ Kenya Police Sacco society was registered in 1972 under the Co-operative Societies Act (Cap 490) of the laws of Kenya.
- ❖ The Society started on a humble beginning with membership of 690 to the current of over 40,000 and an asset base of Kes.17 Billion
- ❖ The Society is licensed for 2015 as a Deposit taking SACCO by SASRA.

GOVERNANCE



KEY MILES STONES



Membership	-	Over 40,000
Assets	-	Kes.17 Billion
Loan Book	-	Kes. 13.5 Billion
Office Block	-	600 M (4% of assets)
Core Capital	-	Kes. 3.4 Billion (16%)
Revenue	-	Kes. 2.179 B (2014)
Annual expense ratio-		18% (2014)

STRATEGIC POSITIONING

2015-2019



VISION

A SACCO that empowers members for improved quality of life.

MISSION

We exist to facilitate the mobilization of savings and provision of cost effective financial and **non-financial** products and services to our members and customers in Kenya and beyond.

MOTTO

United for Prosperity

STRATEGIC OBJECTIVES



- ✓ Governance & Transformative leadership
- ✓ *Membership & Product development*
- ✓ *Operations and Service excellence*
- ✓ *Financial Mgt & Banking services*
- ✓ Human Capital & Work Environment
- ✓ Research and Information Management

STRATEGIC PROSPECTS



- ✓ Assets –Kes.15B to Kes. 35B
- ✓ Deposits -Kes.9.5B to Kes.22B
- ✓ Capital –Kes 3.4B to Kes.10B
- ✓ Loan Book from Kes.13.5B to Kes.30B

FINANCIAL INNOVATION



Building financial capacity;

- ✓ Capital @ 10% of assets
- ✓ Separation b/t shares & deposits
- ✓ Loan provisioning
- ✓ Dividend policy
- ✓ Sinking fund
- ✓ Deposit taking sacco
- ✓ Inter borrowings

WHY FINANCIAL INNOVATION



- ✓ Ensure a sustainable financial profile
- ✓ Achieve the legal requirement for core capital of 10% of the total assets
- ✓ Enhance liquidity position of the society (15%)
- ✓ Finance the Society's major projects i.e. Ngara project & otherwise.
- ✓ Enable members to earn more returns
- ✓ Long-term loans i.e. Mortgages
- ✓ The society can consider reviewing the multiplier effect.

CAPITAL PROJECTION

Year	Prud. Std	2009	2010	2011	2012	2013
Core capital	≥10M	(10.4)	283.92	324.23	634.72	1,080.80
Core capital/Total Assets	≥10%	-0.2%	4.4%	4.6%	7.8%	11.7%
Core Capital/Total Deposits	≥8%	-0.2%	5.4%	5.6%	10.0%	15.5%
Institutional capital/Total Assets	≥8%	-2.2%	4.2%	4.2	9.0%	14.8%

PROSPECTIVE INNOVATIONS



- ✓ Develop financial instruments raise capital-internal & external i.e. Sacco Bonds, Commercial papers etc
- ✓ Create a 'stock market' to encourage permanent capital
- ✓ Deposits from non-members

PRODUCT INNOVATION



- ✓ BOSA PRODUCTS
- ✓ FOSA PRODUCTS
- ✓ MICRO CREDIT PRODUCTS
- ✓ INVESTMENTS

FOSA INNOVATION



In early 1990's

Kenya experienced difficult economic times forcing commercial banks to demand higher minimum operating balances-from Kshs.500.00 to Kshs. 20,000.00

TWO THINGS HAPPENED;

- ❖ Low and middle income persons unable to operate Bank accounts
- ❖ SACCOs responded by introducing FOSAs which offered quasi banking services at competitive rates

FOSA INNOVATIVE PRODUCTS



- ✓ Savings /Fixed Deposit Account
- ✓ Holiday/Children Accounts
- ✓ Children Account
- ✓ Share boosting,
- ✓ loan clearing (Loan Bridging).
- ✓ M-Pesa Services
- ✓ Cheque clearing
- ✓ Salary Processing
- ✓ Salary advances/Dividend advances
- ✓ ATM Services-Visa branded
- ✓ M-SACCO-Mobile banking solution
- ✓ Agency Banking-POS

Kenya Police Investment Co-operative



A subsidiary co-operative society for investment needs for the members to bridge the gap for the unique investments needs.

- ✓ Affordable housing-Quality middle income homes
- ✓ Mortgages-Affordable Mortgages plan
- ✓ Other life transforming investments

TECHNOLOGICAL INNOVATION



Improves operational efficiency;

- ✓ Society processes i.e. Loan, FOSA'

- ✓ Platform for IT based products i.e.

Mobile solutions, -deposits, withdrawals,
balance enquiries e.t.c

- ✓ Visa branded debit cards-SACCO Link Card ,
POS

- ✓ On line statements

- ✓ Document Management System-DMS

- ✓ What of Mobile loans?

ICT PROJECT 2014



- ✓ System Upgrade to latest version-NAV 2013 which include additives i.e. Customer Relationship Management (CRM), Business Intelligence system & Agency Banking
- ✓ Document Management System-DMS
- ✓ Mobile Loans-Application by phone
- ✓ Members portal- On line statements etc
- ✓ **Installation of a CRM & IVR (Call centre)**

BRAND INNOVATION



OLD LOGO



NEW LOGO



The ISO Certification process is on:

Target Performances;

❖ **Customer satisfaction**

❖ ***Continuous improvement-Kaizen***

❖ **Quality**

❖ **Delivery**

❖ **Flexibility**

❖ **Cost reduction**

BENOVELENCE



- ✓ UBF operates where members pay Kshs. 300.00 per month to cater for the following benefits;
- ✓ Clear the deceased members loans
- ✓ Pay double the members deposits upon death
- ✓ Pay the principal member Kshs. 50,000.00 upon death
- ✓ Pay retirement, termination & removal cases Kshs. 40,000.00
- ✓ Pay spouse Kshs. 30,000.00 upon death
- ✓ What of treatment of terminal illness?

AWARDS- 2014



- The society received 5 Trophies from Ushirika Day;
- ✓ A trophy 1st the Most improved SACCO Countrywide.
 - ✓ A trophy for 1st Best Managed Sacco in Government sector and 2nd Best Countrywide
 - ✓ A trophy for 3rd position highest dividend/interest SACCO in Government sector
 - ✓ A trophy 2nd Best in Loan services in Government sector
 - ✓ A trophy for 3rd position lowest expenditure Sacco in the government sector
 - ✓ A trophy for 1st in professional Foot ball Team
 - ✓ COG Awards-1st Runners Up Chairman of the Year 2014.

BEST MANAGED SACCO



Mr. D. Mategwa National Chairman & CEO Mr. Solomon Atsiaya Receiving A trophy from the Former Minister of Co-operative Development & Marketing Hon. Joseph Nvagah During Ushirika Day Celebration in July 2011

LAUNCH OF MOBILE SOLUTION



The Chief Guest who was also the Former Co-operative secretary Mr. Daniel Maanzo, CBS officially launching the M-SACCO (Mobile Solution).



Kenya Police
SACCO
United for Prosperity



HON. MAKGATO MALESU (MIDDLE) MINISTER FOR TRADE & INDUSTRY BOTSWANA DURING HER VISIT TO KENYA POLICE SACCO IN SEPT. 2011.



THANK YOU

Credibility

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Professionalism

.

AccountAbility