



# THE FUTURE FOR SACCOS AND FINANCIAL REPORTING IN KENYA

CPA-Certified Public Accountant.  
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*management paradigms*



# Overview

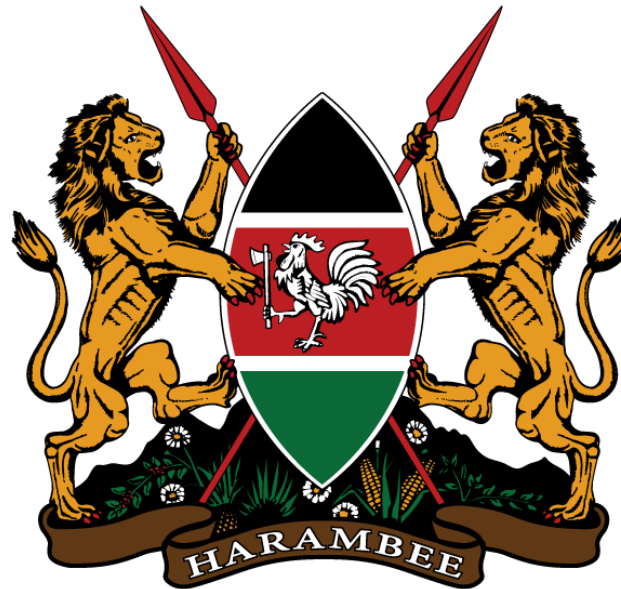
- 1. Regulations: The Acts, Bylaws, Rules, STDS**
- 2. Key success factors : THE FUTURE**
  - Governance**
  - Strategy**
  - Financial reporting**
  - Common Bond**
  - Technology**
  - Market sophistication**
- 3. Members expectations from the Sacco today**

**Sirikali tafadhari, niko Zaidi mbaya kabisa! Kama unaweza kunisaidia ni saidie pahari pa kwenda leo!**



# Who is Government?

He who  
has  
monopoly  
of  
violence?

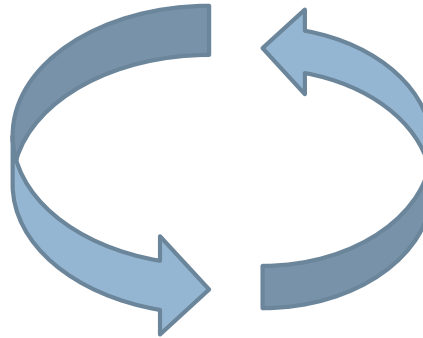


How do you exercise Power?

# Key success factors - Governance

- It is the way **power** is exercised in the organization
- Managing the resources with a view to optimizing the owners interest and adding value to other stakeholders
- A leadership style
- The legal authority to exercise power lies with the management board
- Fiduciary relationship in which one person has a responsibility to care for other's assets
- **Champions of governance -ICPSK**

# Players



# Board dynamics

- **DO YOU HAVE ONE BOARD, One Management, Team dynamics vs kitchen cabinet**
- **Board GIVE LEADERSHIP not Management**
- **Bonding sessions HAVE FUN - LEAD EACH OTHER TO A Bigger goal**
- **MANAGEMENT TEAM: Do you have the right CEO? Is his compensation linked to actual performance?**
- **Champions of governance Awards**

# Enhanced Corporate governance

1. Effective Board committees
2. Conflict of interest
3. Separation of roles
4. Board attendance (absenteeism)
5. Whistle blowing policies (Effective SC)
6. Statement of compliance (Bylaws, Acts)
7. Education and training (members education)
8. Board evaluation?
9. Social responsibility (CSR)
10. Compliance with statutes
11. Corporate strategy (How to win)



# Strategy- David Vs Goliath



# Key success factors –Strategy

**Google's** mission is “***to organize the world's information and make it universally accessible and useful.***”

**Google's** vision statement is “***to provide access to the world's information in one click.***”

The company's leadership in the market satisfies the *universal accessibility* component of the mission statement by making Google's products widely used. Innovative strategies contribute to the

# **Strategy- Defines the future**

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**Priority- Consultative**

**Customer sophistication- markets**

**Technology- Internet based**

**Growth in capital- Funding**

**Common Bond- extension**

# Prioritization

**A Twelve-Month Agenda –**  
specific, forward-looking discussion points that the board and management jointly decide must be addressed at some point in the coming year.

- Compliance
- Operating effectiveness
- Strategy
- People
- Urgent concerns

# The Art of war

- Strategy
- Governance
- Performance
- The book by Sun tsu





# **Key success factors -The Risk brought by Market sophistication**

**Customer satisfaction survey**

**Interest Capping**

**Digital Saccos**

**Diaspora Markets**



# Key success factors - Technology

**Sacco App**

**M Sacco**

**Process digitization**

**USSD**



# Key success factors - Right Common Bond





# Understanding the Bond;

- Where and when are they recruited
- What's the quality
- Compliance with the laws: DTS vs Non DTS, Bylaws, **Board vetting and elections policy**
- Profiling of members
- Competition at Source – Police, Safcom, Stima, Teachers Sacco's , Farmers , INHOUSE
- Targeted recruitment .e.g Organizations with check off systems, Diaspora, by introduction. etc

# Quantity and Quality Common Bond

- Critical mass

- 40,000 membership
- Shares Kshs 50,000 per member Gives Sacco  
**Kshs 2.0 billion capital**
- Dividend and interest capitalization- **50%**
- Growing deposits to 6 billion –Tier to the loans  
and is it **Regular?**
- Having a loan book of 10 billion -**Interest Income**
- Do you have **synergy?**

# Key success factors – Financial reporting

**Fire Awards-ICPAK**

**SASRA regulations**

**Investments strategy**

**Stakeholders interest**

**Dividend militancy**

**Financial Ratios**

**Optimal capital structure**

**Debt vs Equity**

**Loan-Deposits & Shares Tier Policy**

**-Down grade Loan multiplier (\*4 vs\*3)**



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# Mama Sirkall: Jane Anyando Adika



**Flood preparedness ambassador**

# Members expectations...Have they been met



**The Book: The Richest man from Babylon**

# **...Safari ya baba.....**

- 1. Loaning assessment : CRB**
- 2. Quality of your securities**
- 3. UFAA vs Public trustee**
- 4. FSA & Sacco fund?**
- 5. Devolution**
- 6. Stock exchange for shares**

**Will you remain relevant in the future?**

# Q&A?

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**Management paradigms**

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