



## THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

Our Ref: SASRA/SSD/700/GG/2/2020

31<sup>st</sup> March, 2020

**To Chief Executive Officers  
Deposit Taking Sacco Societies**

**Dear Sir/Madam,**

### **RE: COLLECTION OF ADDITIONAL INFORMATION TO MONITOR IMPACT OF COVID-19 PANDEMIC ON PERFORMANCE OF DT-SACCOs**

The outbreak of COVID-19 has significantly disrupted economic activities globally in unprecedented scale. This is certainly going to impact negatively on the Sacco business due to decreased earnings in businesses and rise in unplanned expenditure particularly for households. However, the safety of our staff, members and citizens in general remain top priority hence, we applaud the SACCOs for the adjustments they have made to comply with various measures issued by the Government on COVID-19 while ensuring sustained delivery of services to members.

The Authority seeks to empirically monitor and quantify the impact of COVID-19 on Sacco businesses with a view to informing appropriate policy and other interventions to the situation. In this regard, it is necessary to closely monitor the liquidity and loan performance by obtaining timely and accurate data on liquidity and loans activity on higher frequency than is currently the case. The Authority holds the view that data on these activities will provide useful insights on the impact of measures instituted by the Government to contain the spread of COVID-19 on the Sacco businesses.

Consequently, the Authority makes the following changes in returns submission.

#### **1. Consolidated Daily Liquidity Return (Form 2B)**

This is a new return introduced to help the Authority monitor the daily liquidity position of the Sacco societies. It seeks to capture cash in, cash out and consolidated net position over the multiple payment channels that exist in each Sacco. *See Form 2B annexed to this circular.* In the form, the initial opening bank balance (Item 1.1) should be arrived at after reconciling the cash book and taking into account un-presented and un-credited payments and receipts.

The return should be completed daily after the close of business and submitted the following business day by 10:00AM effective 1<sup>st</sup> April, 2020. That is, the report for  
**SECURING SACCO FUNDS**

close of business on 1<sup>st</sup> April 2020 to be send on 2<sup>nd</sup> April 2020. To facilitate this, the Authority has introduced an additional Form in its return submission portal to accommodate the Consolidated Daily Liquidity Statement (Form 2B).

The data will aid in monitoring the liquidity trend and formulating appropriate policy and or business interventions to mitigate the impact.

## **2. Risk Classification of Assets and Provisioning (Form 4)**

It is apparent that the measures taken by the Government to contain COVID-19 are having an adverse impact on business and hence members' earnings; and this implies that loan default is likely to rise as earnings and incomes decline. While Regulation 41 and Form 4 provides for restructuring and rescheduling as acceptable strategies in credit risk management, SACCOs are reminded to track and adequately document all loan facilities where this strategy is applied and ensure the same are reported through Form 4.

Secondly, in order for the Authority to effectively monitor the loan performance on a shorter cycle as opposed to the current quarterly cycle, it has become necessary to have the Form 4 submitted on a **monthly basis**. The due date remains the 15<sup>th</sup> of the succeeding month.

Kindly note that these changes only affect the above-mentioned two returns while submission of all other returns including Liquidity Statement (Form 2) remain unchanged.

## **3. Review of Business Plans and Strategies**

While the additional data will aid in monitoring the impact on the performance of the DT-Saccos in some of the critical areas, the Authority expects the individual Saccos to closely monitor business performance and make adjustments as appropriate. In particular, the Authority welcomes review of plans and targets on lending business including loan tenures, other terms and beneficiary sectors to manage obvious risks in the short term until the COVID-19 pandemic is brought under control and economic outlook improves.

Thank you for your continued support.

Yours faithfully,



**John Mwaka**  
**CHIEF EXECUTIVE OFFICER**

Encl.

1) Daily Liquidity Return

**Annexure**

<b>Consolidated Daily Liquidity Report (FORM 2B)</b>			
..... Sacco Society Limited		CS NO.....	
Date		DD/MM/YYYY	Amounts in (KSHS)
<b>1</b>	<b>Opening Balances</b>		
		1.1	Bank Balances (Operating accounts plus ATM Settlement Accounts)
		1.2	Consolidated Treasury Cash Balances for all branches
		1.3	Tellers Balances (if not in Treasury Balance)
		1.4	Mobile Money Channels
		1.5	Placement with Banks (FDRs, Near Liquid Assets)
	<b>Sub-Total (sum of 1.1 to 1.5)</b>		-
<b>2</b>	<b>Add Day Receipts</b>	2.1	Deposits from members other than loan repayments
		2.2	Cash loan Repayments (Principal plus Interest)
		2.3	Other Cash Receipts
	<b>Sub-Total (2.1+2.2+2.3)</b>		-
	<b>Total (1+2)</b>		-
<b>3</b>	<b>Less Day Payments</b>	3.1	Cash Withdrawals by members (ATMs, Mobile Channels)
		3.2	Cash Payments other than to Members
		3.3	Other cash payments
	<b>Sub total (3.1+3.2+3.3)</b>		-
<b>4</b>	<b>Closing Balances</b>	4.1	Bank Balances (Operating accounts plus ATM Settlement Accounts)
		4.2	Consolidated Treasury Cash Balances for all branches
		4.3	Tellers Balances (if not in Treasury Balance)
		4.4	Mobile Money Channels
		4.5	Placement with Banks (FDRs, Near Liquid Assets)
	<b>Total Closing Balance</b>		-
<b>5</b>	<b>Deposit Liabilities</b>	5.1	BOSA Deposits
		5.2	FOSA Deposits
	<b>Total Deposits</b>		-
<b>6</b>	<b>Liquidity Ratios</b>	6.1	Total Closing Balance/Total Deposits
		6.2	Total Closing Balance/FOSA Deposits
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			#DIV/0!
<b>Report Prepared by :..... Signature.....Date.....</b>			
<b>Report Verified by :..... Signature.....Date.....</b>			
<b>Report Authorized by :..... Signature.....Date.....</b>			