

FOREWORD

The SOYOSOYO SACCO credit policy has been designed and agreed upon by members based on their financial needs and the socio-economic environment⁷. The occasional review of the credit policy will align members' expectations with the SACCOs growth aspirations, fostering managerial best practices and compliance with existing cooperative laws⁸. This policy will safeguard against any form of integrity issues by using fair loan appraisals guided by approved terms and conditions for each product⁹. The policy also aims to strengthen the SACCO's financial base by instituting effective monitoring and control systems through updated records and prompt communication to members about their loan obligations¹⁰. The spirit of this policy is to promote a lending environment that allows members to create wealth by prudently saving, borrowing, and investing in productive ventures¹¹. The rules and regulations in the policy are meant to protect members from financial distress and the SACCO from bad debts¹². The Management Committee encourages members to adhere to the credit policy's provisions to establish a culture of accountability, fairness, and honesty in the SACCO's management¹³.

INTRODUCTION

1.1 Background

SOYOSOYO SACCO loans are a main business activity and generate a significant percentage of the Society's income¹⁴. Effective debt management is crucial to realizing the SACCO's objectives¹⁵. This policy aims to address the risks associated with lending and serves as an informative tool for the management committee, supervisory committee, members, and staff¹⁶.

1.2 Policy statement

This policy provides procedures and guidelines for how SOYOSOYO SACCO will process loans, determine member qualifications, approve, disburse, monitor, and manage delinquency¹⁷.

1.3 Objectives

The objective of this policy is to provide guidelines on lending procedures and to act as a reference for identifying and analysing risk in lending propositions, as well as for monitoring and controlling the Society's loans¹⁸.

1.4 Regulations and adherence to constitutional order

This credit policy is guided by the following laws and rules:

- The Kenyan Constitution 2010 ¹⁹
- Kilifi County Cooperatives Societies Act ²⁰

- Kilifi County Cooperatives Societies Regulation ²¹
- Co-operative Societies Act, 2004 ²²
- Co-operative Societies Rules ²³
- SOYOSOYO SACCO By-laws ²⁴

1.5 Access to the Credit policy

The policy will be available to all SOYOSOYO SACCO members²⁵.

1.6 Guiding Principles of the Credit Policy

This policy will be applied and administered as follows:

- Loans are given only to bona fide members²⁶.
- Loans are properly appraised and approved²⁷.
- Disbursement of loans is done according to the approval terms and conditions²⁸.
- Interest income is collected and recognized in the accounting period when it is earned²⁹.
- Proper records on loans are kept both on paper and electronically³⁰.
- Effective monitoring and control measures are adhered to³¹.

1.7 Areas of Lending

- Development ³²
- Education ³³
- Medical bills ³⁴
- Agriculture ³⁵

1.8 General Lending

- A variety of loan products will be developed to serve the needs of members³⁶.
- A member can have a maximum of two loan types, an emergency loan and one other, subject to management committee approval and member savings³⁷.
- Total loan deductions for employed members will not exceed two-thirds (

2/3) of their basic pay³⁸.

- Loans will be disbursed on a first-come, first-served basis³⁹.
- Members are eligible for loans after six months of membership⁴⁰.

- Eligibility for a loan is subject to the borrower's membership, ability to service the loan, approval by guarantors, and the support base of one's savings less the guaranteed amount⁴¹.

LOAN PRODUCTS

The SACCO offers the following loan products:

Development Loan

The development loan is designed to help members acquire or develop property, start a business, or enhance working capital⁴². The loan amount is pegged at three times the borrower's savings⁴³. Members can access up to KShs. 1,000,000⁴⁴. The maximum repayment period is 12 months⁴⁵. The interest rate is 1% per month on a reducing balance⁴⁶. The loan must be fully secured by at least three guarantors⁴⁷.

Emergency Loan

This loan product is given to cover unforeseen events beyond a member's control⁴⁸. The repayment period is three months⁴⁹. The interest rate is 3% per month on a reducing balance⁵⁰. A member may not have more than one emergency loan at a time⁵¹. The loan application must be supported by the member's savings⁵², and it must be fully secured by at least one guarantor⁵³.

Education Loan

This loan is for the purpose of paying school fees only⁵⁴. To apply, the member must attach the official fees structure(s) to the application form⁵⁵. The loan must be repaid within 12 months⁵⁶. The interest rate is 0.33% per month (4% per annum) on a reducing balance⁵⁷. The upper limit is determined by the member's ability to repay⁵⁸. The loan must be fully secured by at least three guarantors⁵⁹. Payment is made directly to the school via funds transfer or banker's cheque⁶⁰.

Medicare Loan

This product is for the sole purpose of paying medical bills⁶¹. Members must attach the medical bill to the application form⁶². The repayment period is 12 months⁶³. The interest rate is 0.33% per month (4% per annum) on a reducing balance⁶⁴. The upper limit is based on the member's ability to repay⁶⁵. The loan must be fully secured by at least three guarantors⁶⁶. Payment will be made directly to the hospital through funds transfer or banker's cheque⁶⁷.

Self-Guaranteed Loan Requirements

The maximum repayment period for this loan is 12 months⁶⁸. This loan is for members who wish to apply for a loan that is less than their total deposits⁶⁹. A holder of this loan is eligible for other loan products, but the deposit used for self-guarantee cannot be

included when calculating the total loan amount⁷⁰. The interest rate is 1% per month on a reducing balance⁷¹.

1.10 Loan Re-scheduling and Re-financing

- To qualify for a top-up, a member must have paid a normal, education, or medical loan for at least six months⁷².
- The top-up amount is treated as a new loan⁷⁴.
- The top-up loan must be fully secured by guarantors⁷⁵.
- Re-financing of products and school fees loans is not allowed⁷⁶.
- Other terms and conditions of the original loan apply⁷⁷.

2.0 CREDIT MANAGEMENT

2.1 Requirements for Qualification of Loans

- A member must have completed at least six months of active membership and contributed no less than KShs. 3,200.
- A member who withdraws and rejoins the Society will be treated as a new member for the purpose of this policy⁷⁸.
- Savings contributions paid in a lump sum to secure a loan must remain in the SACCO account for at least three months⁷⁹.
- A member will be required to maintain a monthly share contribution of not less than KShs. 200.
- To withdraw membership, a member must provide a written notice of up to 60 days.

2.2 Loan Application

- All loan applications must be made on prescribed forms provided by the Society⁸⁰.
- False information on an application form will result in automatic disqualification⁸¹.

2.3 Loan Appraisal

All loans will be appraised according to the terms and conditions of the specific loan type⁸².

2.4 Loan Approval/Rejection

- All loans will be approved by the Management Committee⁸³.

- A member of the loan approving committee cannot be present when their own loan is being processed⁸⁴.
- Members will be informed of the decision on their loan applications⁸⁵.
- If a member is not satisfied, they can submit a written appeal to the Supervisory Committee within 14 days of the Management Committee's decision⁸⁶.

2.5 Loan Repayment

- Loan repayment must begin no later than the month following the one in which the loan was issued⁸⁷.
- A member may repay their loan and interest in whole or in part before its maturity⁸⁸.
- A member's savings pledged as security for another member's loan cannot be used to offset their own outstanding loan, unless alternative security is provided for the other member's loan⁸⁹.
- The loan repayment period cannot be extended beyond what the member specified in the application form⁹⁰.

2.6 Loan Security

- All loans must be 100% secured⁹¹.
- There is no maximum number of guarantors, but the minimum is determined by the loan's terms and conditions⁹².
- All guarantors must be members of the Society⁹³.
- The obligation of previous guarantors ends upon completion of the loan or change of guarantors, subject to new guarantors being accepted by the Society⁹⁴.

2.7 Reports

Reports will be generated at all stages of the loan application process⁹⁵.

2.8 Default Management

- Guarantors will be notified of a defaulted loan within 14 days of the default⁹⁶.
- A loan is considered in default if instalments are missed, in whole or in part, and remain unpaid for 30 days⁹⁷.
- The amount in default will incur a penalty of 2% per month⁹⁸.

2.9 Loan Recovery

- The management will make efforts to collect defaulted loans from members⁹⁹.
- If the loan and interest balance is equal to or less than the member's savings, it will be recovered from the member's savings¹⁰⁰.
- If the Society cannot recover the loan from the member's savings, the loan will be recovered from the guarantors¹⁰¹.
- A member in default or who has guaranteed a defaulted loan cannot withdraw from the society until the loan is cleared¹⁰².
- Communication to defaulters will be through written notices¹⁰³.
- Debt collectors will be engaged 90 days after the guarantor fails to honor their obligation¹⁰⁴.
- If a member with a defaulted loan dies, the loan will be recovered from the risk fund.

3.0 MANAGEMENT COMMITTEE

The Management Committee shall:

- Hold meetings as required by the business of the society, but no less than once a month¹⁰⁶.
- Carefully inquire into the character and financial conditions of each applicant and their guarantor(s) to ascertain the borrower's ability to repay and to determine if the loan is for a worthy purpose that will be beneficial to the borrower¹⁰⁷.
- Endeavor to diligently assist members in solving their financial problems¹⁰⁸.
- Make reports to the members as required¹⁰⁹.

4.0 EFFECTIVE DATE

This policy is effective from May 1, 2024.

5.0 POLICY REVIEW

This policy will be reviewed from time to time to ensure its relevance and appropriateness as needed¹¹¹.

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The Evolution of Soyosoyo SACCO: From Medicare to Modern Empowerment

Soyosoyo SACCO boasts a rich history, beginning its journey on **July 15, 1998**, as **SOYOSOYO MEDICARE CO-OPERATIVE SAVINGS & CREDIT SOCIETY**. Its initial, heartwarming mission was to pool funds and provide affordable credit, primarily to help members cover their families' medical bills.

As the fund grew significantly, the SACCO's vision expanded beyond healthcare. It began to support members in financing their children's education, demonstrating its adaptability and commitment to community needs.

However, with its membership spreading across various parts of the Kenyan Coast, the complexity of managing the SACCO, combined with the introduction of the National Hospital Insurance Fund (NHIF) which began covering medical bills, led the SACCO into a period of silence.

But the story didn't end there. In 2022, the dedicated founding members reignited their passion, showing a keen interest in reviving the SACCO. Their goal was clear: to refresh its objectives to align with current community needs.

This revival culminated in a new beginning for Soyosoyo SACCO. Officially rebranded and given a new look on April 10, 2024, it emerged with renewed vigor. Its expanded mission now focuses on providing affordable financing to cover a broader range of essential objectives, including medical bills, education, agriculture, and development.

Soyosoyo SACCO stands today as a testament to its enduring commitment to its members, evolving to meet the diverse financial needs of its members.

To be the leading catalyst for financial transformation and sustainable prosperity across Kenya, empowering every member to achieve their aspirations in health, education, and development

To continually empower members by providing accessible, affordable, and innovative credit for healthcare, education, agriculture, and development, driving enduring prosperity in our cooperative community.

- Empowerment
- Integrity
- Community
- Accessibility
- Growth

OUR PRODUCTS

Education Loan

Dreaming of a brighter future through education? An **education loan** can turn that dream into reality! Don't let financial hurdles block your academic aspirations. These specialized loan is designed to cover tuition, accommodation, books, and living expenses, making education accessible to everyone.

Development Loan

Seeking to expand your business, innovate, or kickstart a impactful project? A **development loan** is your strategic partner! These aren't just ordinary loans; they're tailored financial solutions designed to fuel growth, foster innovation, and drive economic progress.

Medicare Loan

Don't let medical bills burden you. A **medicare loan** provides fast access to funds for healthcare needs – from emergencies to planned procedures. Get the care you need, when you need it, with manageable repayments. Invest in your health, without financial stress.

Emergency Loan

Unexpected crisis? An **emergency loan** offers rapid financial relief when life throws a curveball. Quick access to funds for urgent needs like sudden repairs, or unforeseen expenses. Get back on your feet fast, with flexible repayment options. Your lifeline in challenging times.

SOYOSOYO LOANS

Members can borrow up to three times their savings from Soyosoyo.

OUR LEADERSHIP TEAM

Member engagement ...

Financials at a glance

Follow easy steps to join us!

Join our team at SOYOSOYO SACCO

At SOYOSOYO SACCO, we're building a brighter future through low-interest loans and member-focused innovation. Join our dynamic team as we seek passionate individuals to manage loans, engage our community, and drive financial transparency. Whether you have experience in marketing or credit administration, bring those skills to support our mission, your impact starts here. Apply now and be part of a movement empowering our people!

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HOW TO JOIN

Seamlessly Join Soyosoyo SACCO Today!

Embark on your financial journey with us in these simple steps:

1. **Initiate Your Membership:** Begin by making an initial deposit of **KSh 200**.
2. **Make Your Deposit:** Send your deposit via M-PESA Paybill:
 - **Business Number: 546448**
 - **Account Number: 10027879**
3. **Provide Your Details:** Through our verified contact, [website enrolment forms](#) or social media accounts provide your **Full Name, Phone Number, and Email Address** for accurate registration.
4. **Activate Your Account:** Your personal Soyosoyo SACCO membership account will be promptly activated.

5. **Access Our App via an activation link:** You will receive an SMS invitation to download our exclusive mobile app, empowering you to conveniently track your savings and manage your account with ease.