



# **ACCOSCA**

**8<sup>TH</sup> LEADERS FORUM**

**ACCRA –GHANA**

**MARCH 5-10<sup>TH</sup> 2017**



# ACCOSCA

- **TOPIC:**
- *Analyzing Integrated SACCO Business Model*



# CONTENTS

1. Registration Requirements
2. Governance
3. Loans
4. Determining Interest on Loans and Savings
5. Apex and its Role and its sustainability
6. Planning for Growth and development
7. SACCO Principles (WOCCU's) Version
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# INTRODUCTION

- The SACCO concept has become one of the sustainable non-banking financial institutions in Africa. many groups such as churches, professionals, rural communities and some institutions have seen the need to embrace the SACCO concept.



# INTRODUCTION

- Many SACCOs are putting up permanent and well-furnished structures. Others are computerizing their operations as more people continue to join and use their services. This is as a result of the positive impact that SACCOs are making in the lives of thousands of members.



# INTRODUCTION

- SACCO directors are elected from the general membership on a one-person- one vote basis. The democratic one-person-one vote governance process of SACCOs has evolved and being maintained over the years to respond to a need to make the SACCOs responsive to all of their owners. When Directors become unresponsive, members elect new Directors at the General Meeting of Membership.



# INTRODUCTION

- SACCOs that begin at a small community or closed group level, often depend upon volunteers to undertake operation as well as governance and representation of membership.
- The involvement of volunteers help small SACCOs by maintaining low operating cost when the institution does not yet manage a sufficient volume of funds to hire a full complement of professional staff.



# INTRODUCTION

- As SACCOs become larger, they engage in more sophisticated operations and officials enjoy less personal familiarity with loan applicants; therefore, volunteer committee operations become less effective. As they become larger, SACCOs generate sufficient income to hire professional staff.





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# INTRODUCTION

- SACCOs then involve volunteers less in operational matters. Decision-making is carried out by professional staff with specialized expertise. Volunteer owner/representatives are called upon for decision monitoring and oversight.



# INTRODUCTION

- Once the SACCO achieves a scale which allows it to hire professional staff, it needs to separate decision-making and decision-control functions.



# INTRODUCTION

- However, many SACCOs still operate under the traditional Model without considering the external and internal factors. They are not pro-active. They are shortsighted and have no long-term plans.
- With this in mind, SACCO must examine:



# INTRODUCTION

- **The need to increase the Capital base- Shares and Reserves**
- ***The need to increase the membership base***
- **The need to be profitable**
- **Introduction of new products and services based on members needs.**
- **And the desire of the Board, Management and the membership to transform the SACCO into a sound co-operative financial institution.**



# REGISTRATION REQUIREMENTS

How will the founders assure the Registrar that the SACCO will be viable?

- Minimum Members
- Minimum capital requirements
- Minimum Savings
- Office space and signboard
- Membership Education



# GOVERNANCE

- Election procedures
- How to elect quality Board and Committee and the right Mix
  - Gender
  - Youth
  - Regional representation
  - Professionals





# LOANS

- Multiple based lending
- Repayment based lending
- Group Lending
- Security requirements
- Type of loans
- Financial Counseling
- Making provision for loan losses



# HUMAN RESOURCE DEVELOPMENT

- Recruitment practices
- Who provides Capacity building for the leadership, Committees, Management and Staff



# PROFITABILITY

- How do you determine interest rate on loans and Savings
- How do you determine dividend rate
- How do you balance between SACCO Philosophy and principles with the need to make reasonable surplus.



# PROFITABILITY

- Why should leaders ensure that the SACCO is being run at a reasonable profit margin?
  - To pay competitive interest and dividends on savings and shares respectively
  - To build institutional capital



# LIQUIDITY SUPPORT

- The SACCO should ensure that enough liquidity is maintained at all times to meet current and future demands for loans and other financial obligations on time.
- What percentage of liquid funds does your SACCO maintain at all time and where do you keep excess liquidity?



# MARKETING

- To many SACCO leaders marketing is not part of their budget line item.
- What marketing tools and methods do your SACCOs use?
- Are there any benefits?



# DEPOSIT GUARANTEE SCHEME

- How do you assure members that their deposits with the SACCO is safe.
- In case a SACCO collapses how will members get their savings/deposits back?



# THE ROLE OF THE LEAGUE

- Who is responsible to establish the League/ National Association?
- How will it be financed?
- What will be some of the important roles that a League would Play?
- The league and the SACCO, which one is the more important to the industry?





## 2. CREDIT UNION OPERATING PRINCIPLES – (WOCCU VERSION)

- Open and voluntary membership
- Democratic member control
- Non-Discrimination
- Service to Members
- Distribution to Members
- Building Financial stability
- On-Going Education
- Cooperation Among Cooperatives
- Social Responsibility



# CONCLUSION

- SACCOs OF TODAY NEED TO HAVE:
  - a. Strong Membership base
  - b. Strong capital base
  - c. Good quality of assets
  - d. Reasonable surplus to be competitive
  - e. Enough liquidity reserve at all times
  - f. Good image
  - g. Retain current and potential members



# CONCLUSION

- ***“IF YOU WANT TO HELP THE POOR, NEVER BE ONE OF THEM”***



# CONCLUSION

- ***“TO BE BORN POOR IS UNFORTUNATE BUT TO DIE POOR IS A SIN”***



# THE END

- **THANK YOU**