GOVERNMENT NOTICE NO. 53

FINANCIAL SERVICES ACT, 2010

(ACT NO. 26 OF 2010)

FINANCIAL SERVICES (REPORTING REQUIREMENTS FOR SAVINGS AND CREDIT COOPERATIVE SOCIETIES) DIRECTIVE, 2013

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IN EXERCISE of the powers conferred by section 34 (2) (*n*) of the Financial Services Act, 2010, I, CHARLES S. R. CHUKA, Registrar of Financial Institutions make the following Directive—

PART I—PRELIMINARY

Citation

1. This Directive may be cited as the Financial Services (Reporting Requirements for Savings and Credit Cooperative Societies) Directive, 2013.

Interpretaion

2.—(1) In this Directive, unless the context otherwise requires—

"call report" means a complete set of returns as outlined in this Directive that a Savings and Credit Cooperative Society (in this Directive hereinafter referred to as a "SACCO") must compile and submit to the Registrar;

"institutional capital" means the sum of—

(*a*) fully paid-up permanent and non-withdrawable member share capital;

(*b*) statutory reserves;

(*c*) retained earnings;

(*d*) current year net profits (50%) or net loss (100%); and

(*e*) capital grants and donations.

Less investments in subsidiaries;

"MUSCCO" means the Malawi Union of Savings and Credit Cooperatives, a cooperative registered under the Cooperative Societies Act, 2010; and

Cap. 47:02

"Registrar" means the Registrar of Financial Institutions appointed under the Act.

(2) Any term used in this Directive, and which has been defined in the Act, has the meaning ascribed to that term under the Act.

PART II—OBJECTIVE

Submission of information

3. The objective of this Directive is to ensure that SACCOs submit to the Registrar, on a timely basis accurate electronic or hard copy information as prescribed by the Registrar.

PART III—REPORTING REQUIREMENTS

Board and management responsibility

4.—(1) The board of directors and management of a SACCO shall be responsible for adherence and compliance with this Directive.

(2) The board of directors and management of a SACCO shall ensure that the SACCO has a robust management information system that timely and accurately generates reports.

(3) Prior to submission of monthly and quarterly returns, and other information to the Registrar, the chief executive officer and finance manager of a SACCO shall certify the accuracy of the returns or information.

5.—(1) A SACCO shall submit to the Registrar—

(*a*) a monthly return within fifteen working days after the last day of every month as prescribed in the First Schedule hereto; and

(*b*) a quarterly return within fifteen working days after the last day of every quarter as prescribed in the Second Schedule hereto.

(2) Where the Registrar determines that monthly or quarterly returns submitted have errors and that corrected returns are not resubmitted within the stipulated deadlines, the SACCO concerned shall be deemed to have missed the deadlines.

6.—(1) A SACCO shall submit to the Registrar an annual report prepared in line with International Financial Reporting Standards.

(2) An annual report shall have the following components—

(*a*) audited statement of financial position;

(*b*) audited statement of comprehensive income;

(*c*) statement of director's responsibility;

(*d*) external auditor's opinion;

(*e*) audited statistical information;

(*f*) statement of cash flows;

(*g*) statement of changes in equity;

(*h*) disclosure of material amount written-off;

(*i*) Other disclosure required under section 42 of the Financial Cooperatives Act, 2011.

(3) A SACCO shall submit the annual return to the Registrar within three months after the close of its financial year.

7. In addition to submission of call and annual reports, a SACCO shall—

(*a*) provide any other information or data within deadlines as directed by the Registrar; and

(*b*) submit information including any material changes on credit history of the SACCO's borrowers and customers to a credit reference bureau.

PART IV—REPORTING TO MUSCCO

8.—(1) A SACCO which is under the supervision of MUSCCO shall submit a copy of all returns and reports required under this Directive to MUSCCO.

(2) Submission of returns and reports to MUSCCO required under subparagraph 1 shall be subject to the same deadlines and penalties applicable to submission of returns to the Registrar.

PART V—ENFORCEMENT

Monetory penalties

9.—(1) The Registrar shall impose the following monetary penalties for violations of this Directive—

(*a*) failure to submit a quarterly and monthly return by the due date, a penalty of ten thousand Kwacha (K10,000) and one thousand Kwacha (K1,000) thereafter for each subsequent day that the SACCO remains in default;

(*b*) failure to submit an annual return by the due date, a penalty of twenty thousand Kwacha (K20,000) and five thousand Kwacha (K5,000) thereafter for each subsequent day that the SACCO remains in default; and

(*c*) for natural persons who are members of the board of directors or management, a penalty of up to fifty thousand Kwacha (K50,000).

(2) The SACCO or natural person shall pay the penalty in subparagraph 1 through a bank certified cheque payable to the Reserve Bank of Malawi within ten working days after being notified of the violation.

Other penalties

10. In addition to the monetary penalties imposed in paragraph 9, the Registrar may impose directions, administrative penalties and enforcement action as provided for under the Act and the Financial Cooperatives Act.

Act No 8 of 2011

PART VI—TRANSITIONAL ARRANGEMENTS

Compliance with this Directive

11. A SACCO that does not meet the minimum standards prescribed in this Directive shall comply with the Directive within twelve months from the date of publication of the Directive.

FORM 1A/SACCO

STATEMENT OF FINANCIAL POSITION

Name of SACCO: .....

Financial Year: .....

Start Date: ..... End Date: .....

Ref. No.	ASSETS:	*MK'000*
1	Current Assets	
1.1	Liquid Assets	
1.1.1	Cash and equivalents	
1.1.2	Current Accounts..	
1.1.3	Other	
1.2	Accounts Receivable	

Ref. No.	ASSETS:	*MK'000*
1.2.1	Debtors	
1.2.2	Interest	
1.2.3	Payroll	
1.2.4	Insurance Claims	
1.2.5	Staff Loans	
1.2.6	Other	
1.3	Deferred Assets	
1.3.1	Advances	
1.3.2	Organizational Expenses	
1.3.3	Prepaid Expenses	
1.3.4	Other	
1.4	Short-term Investments	
1.4.1	Savings Deposits	
1.4.2	Liquidity Reserves	
1.4.3	Special Deposits	
1.4.4	Fixed Deposits	
1.4.5	Securities (bonds, commercial paper, treasury bills) . .	
1.4.6	Other investments	
1.5	NET LOAN PORTFOLIO	
1.5.1	GROSS LOAN PORTFOLIO	
1.5.2	*Less:* Allowance for loan loss	
1.6	Other Assets	
1.6.1	Assets in Liquidation	
1.6.2	Ledger Discrepancies	
1.6.3	Other	
2	Non-Current Assets	
2.1	Fixed Assets	
2.1.1	Land	
2.1.2	Buildings	
2.1.3	Furniture and Equipment	
2.1.4	Vehicles	
2.1.5	Computer and Software	

Ref. No.	ASSETS:	*MK'000*
2.1.6	*Less:* Depreciation	
2.2	Long-term Investments	
2.2.1	Shares in companies and other financial cooperatives ..	
2.2.2	Fixed deposit with banks and other financial institutions	
2.2.3	Securities (bonds, commercial paper, treasury bills) ..	
2.2.4	Other Financial Investments	
2.2.5	Non-Financial Investments	
3	TOTAL ASSETS	
	LIABILITIES AND EQUITY CAPITAL:	
	LIABILITIES:	
4	Current Liabilities	
4.1	Member Deposits.	
4.1.1	Member Ordinary Savings.	
4.1.2	Fixed Deposist	
4.1.3	Other	
4.2	Short-term Payables	
4.2.1	Insurance Benefits	
4.2.2	Payroll Taxes	
4.2.3	Dividends	
4.2.4	Interest	
4.2.5	Accounts Payables	
4.2.6	Other	
4.3	Provisions	
4.3.1	Employee Benefits	
4.3.2	Audit and Supervision	
4.3.3	Premiums	
4.3.4	Dividends	
4.3.5	Interest on Deposits	
4.3.6	Other	
4.4	Other Short-term Liabilities	
4.4.1	Short-term External Loans.	

Ref. No.	ASSETS:	*MK'000*
4.4.2	Interest-free Loans	
4.4.3	Deferred	
4.4.4	Ledger Discrepancies	
4.4.5	Other	
5	Non-Current Liabilities	
5.1	Redeemable Shares	
5.2	Long-term External Loans	
6	TOTAL LIABILITIES	
	EQUITY CAPITAL:	
7	TOTAL CAPITAL	
7.1	Institutional Capital	
7.1.1	Permanent and Non-Withdrawable Shares	
7.1.2	Statutory Reserves	
7.1.3	General Reserves	
7.1.4	Retained Earnings	
7.1.5	Donation or Grants	
7.1.6	Year to date Surplus or Loss	
7.2	Non-Institutional Capital	
7.2.1	Revaluation Reserves	
7.2.2	Educational Reserves	
7.2.3	Social Reserves	
7.2.4	Temporary Reserves	
7.2.5	Other undistributable Reserves	
8	TOTAL LIABILITIES AND EQUITY CAPITAL	

AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

FORM 2A/SACCO

STATEMENT OF COMPREHENSIVE INCOME

Name of SACCO: .....

Financial Year: .....

Start Date: ..... End Date: .....

Ref. No.		*Year to Date MK'000*
1	Financial Income	
1.1	Income from Loans	
1.1.1	Regular Loan Interest	
1.1.2	Delinquent Loan Penalty Interest	
1.1.3	Commissions and Fees	
1.1.4	Interest Rebates	
1.2	Income from Investments	
1.2.1	Government Securities	
1.2.2	Deposit with Banks and other Financial Institutions . .	
1.2.3	Other Investments—dividend and interest incomes from investments	
2	Financial Costs	
2.1	Interest on Savings Deposits	
2.2	Interest on Borrowed Funds	
2.3	Dividends on Reedemable Shares	
2.4	Other Financial Costs	
3	NET FINANCIAL INCOME OR LOSS	
4	*Less:* TOTAL OPERATING EXPENSES	
4.1	Personnel	
4.1.1	Employee Salaries and Allowances	
4.1.2	Employee Benefits	
4.1.3	Staff Travel and Related Expenses	
4.1.4	Education and Training	
4.1.5	Other Staff Expenses	
4.2	Organization	
4.2.1	Board of Directors	
4.2.2	Committees	

Ref. No.		*Year to Date MK'000*
4.2.3	Annual General Meeting	
4.2.4	MUSCCO and Other Dues	
4.2.5	Marketing Expenses	
4.2.6	Other	
4.3	Administration	
4.3.1	Rent	
4.3.2	Utilities	
4.3.3	Telecommunications	
4.3.4	Printing and Stationery	
4.3.5	Delivery and Postage	
4.3.6	Fuel and Motor Vehicle Costs	
4.3.7	Office Maintenance and Repairs	
4.3.8	Depreciation	
4.3.9	Subscriptions	
4.3.10	Computer and Software	
4.3.11	Cash Expenses and Shortages	
4.3.12	Other	
4.4	Member Security	
4.4.1	Life and Savings Premium.	
4.4.2	Audit and Supervision Fees	
4.4.3	Legal Fees	
4.4.4	Guard Services	
4.4.5	Appraisal and Inspection Fees	
4.4.6	Loan Loss Allowance Expense	
4.4.7	Other	
5	NET OPERATING INCOME	
6	NET NON-OPERATING SURPLUS OR LOSS	
6.1	Non-Operating Income	
6.2	Non-Operating Expense	
7	NET SURPLUS OR LOSS	
8	*Less:* Proposed Dividends	
9	*Add:* Income Grants	
10	NET SURPLUS OR LOSS after Dividends and Income Grants	

NOTE—This return should be received within 15 days after end of each month.

AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

FORM 3A/SACCO

CAPITAL ADEQUACY RETURN

Name of SACCO Society: .....

Financial Year: .....

Start Date: ..... End Date: .....

Ref. No.		*Amount (MK)*
1.0	CAPITAL COMPONENTS:	
1.1	Permanent and Non-withdrawable Share Capital . .	
1.2	Statutory Reserves	
1.3	Retained Earnings or Accumulated Losses	
1.4	Curent year net profits (50%) or net loss (100%) . .	
1.5	Capital Donations or Grants (Equity in Nature) . .	
1.6	TOTAL CAPITAL	
	Less Deductions	
1.7	Investments in Subsidiaries	
1.8	INSTITUTIONAL CAPITAL	

2.0	ASSETS	*As per Balance Sheet*	*Risk Weight*	*Risk Weighted Assets*
2.1	Cash (Local and Foreign Currency)	—	0%	
2.2	Government Securities . .	—	0%	
2.3	Deposits and Balances at Other Financial Institutions	—	50%	
2.4	Loans and Advances . .	—	100%	
2.5	Investments	—	100%	
2.6	Property and Equipment (Net of Depreciation) . .	—	50%	
2.7	Other Assets	—	100%	
2.8	TOTAL	—		

Ref. No.		*Amount (MK)*
3.0	CAPITAL RATIO CALCULATIONS:	
3.1	Institutional Capital (1.8)	
3.2	TOTAL RISK WEIGHTED ASSETS (2.8)	
3.3	Institutional Capital to Assets Ratio (1.8/2.8)%	
3.4	Minimum Institutional Capital to Assets Ratio Requirement	10%
3.5	Excess or Deficiency (3.1 less 10 % of 3.3)	

*A reconciliation for the difference to be attached on a separate sheet.

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

FORM 4A/SACCO

LIQUIDITY STATEMENT

Name of SACCO: .....

Financial Year: .....

Start Date: ..... End Date: .....

		Week 1 MK'000	*Week 2 MK'000*	*Week 3 MK'000*	*Week 4 MK'000*
1.0	Notes and Coins				
1.1	Local Notes and Coins . .				
1.2	Foreign Notes and Coins . .				
2.0	Bank Balances and Balances with Other Financial Institutions				
2.1	Balances with Commercial Banks				
2.2	*Less:* Time Deposits with Banks more than 30 days . .				
3.0	Other Liquid Assets . .				
3.1	Balances with Other Financial Institutions				

		Week 1 MK'000	*Week 2 MK'000*	*Week 3 MK'000*	*Week 4 MK'000*
3.2	Short-Term Investments with Other Financial Institutions ..				
4.0	Government Securities ..				
4.1	Treasury Bills				
4.2	Treasury Bonds				
5.0	TOTAL LIQUID ASSETS ..				
5.1	*Less:* Liabilities due in 30 days				
5.2	NET LIQUID ASSETS ..				
6.0	DEPOSITS AND REDEEMABLE SHARES BALANCE:				
6.1	Deposits from Members including Interest				
6.2	Redeemable Shares ..				
6.3	TOTAL DEPOSITS AND REDEEMABLE SHARES				
7	LIQUIDITY RATIO CALCULATIONS:				
7.1	NET LIQUID ASSETS (item 5.2)				
7.2	TOTAL DEPOSITS AND REDEEMABLE SHARES (item 6.3) ..				
7.3	Ratio of (7.1/7.2)% ..				
7.4	Minimum holding of Liquid Assets Requirement	10%	10%	10%	10%
7.5	Excess or Deficit (7.3 less 7.4)				

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

SECOND SCHEDULE—Quarterly Returns (para. 5 (1) (*b*))

FORM 1B/SACCO

CLASSIFICATION OF ASSETS AND PROVISIONING

Name of SACCO: .....

Financial Year: .....

Start Date: ..... End Date: .....

PORTFOLIO AGEING REPORT

		A	B	C	D
No.	*Classfication*	*No. of A/Cs*	*Outstanding Loan Portfolio (MK)*	*Required Provision*	*Required Provision Amount (MK)*
1.1	Overdue			35%	
1.2	Loss			100%	
	Subtotal				
	Reschedule or Renegotiated Loans				
2.1	Overdue			50%	
2.2	Loss			100%	
	SUBTOTAL . .				
	TOTAL . .				

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

FORM 2B/SACCO

STATEMENT OF DEPOSITS RETURN

Name of SACCO: .....

Financial Year: .....

Statement of Deposits: .....

.....

End Date: .....

No.	*Range*	*Type of Deposit*	*No. of A/Cs*	*Amount in MK'000*
1	Less than 50,000	Savings ..		
		Fixed ..		
		SUBTOTAL ..		
2	50,000 to 100,000	Savings ..		
		Fixed ..		
		SUBTOTAL ..		
3	100,000 to 300,000	Savings ..		
		Fixed ..		
		SUBTOTAL ..		
4	300,000 to 1,000,000	Savings ..		
		Fixed ..		
		SUBTOTAL ..		
5	Over 1,000,000	Savings ..		
		Fixed ..		
		SUBTOTAL ..		
		TOTAL ..		

We declare that this return, to the best of our knowledge and belief is correct.

Name of Authorizing Officer: .....

Signed: ..... Date: .....

Name of Countersigning Officer: .....

Signed: ..... Date: .....

Made this 13th day of November, 2013.

C. S. R. CHUKA
Registrar of Financial Institutions