Financial Cooperatives

Definition

Member owned financial institution governed by a Board of Directors elected by, and from amongst the members.

Primary objective

To mobilize savings and give members access to loans on competitive terms as a way of enhancing their socio-economic well-being.

Belief

Its belief is centered on "people helping people to help themselves".

Difference

Ownership is what makes a SACCO different from other financial institutions.

How do SACCOs work

- A person buys shares in order to become a member of SACCO
- SACCOs require a minimum monthly contribution towards shares from members
- A member may also contribute towards savings
- The contributions from members are lent out or invested as authorized by their by-laws
- Share contributions are not accessible by members unless they choose to exit

Services offered by SACCOs

- **Savings**
- **Loans** based on share contributions, assets and deposits
- **Financial education & counselling**
- **Insurance services**
- **Other financial services**

Who can join SACCOs

- Membership of SACCOs is made up of people from diverse backgrounds cutting across all segments of society
- Usually there is a common bond among the members of a SACCO
- Membership is voluntary within the SACCO's common bond

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Benefits of being a member

- Tool for savings
- Source of fair loans
- No charges on savings
- Easier and safe saving & borrowing
- Non-discriminatory & affordable
- Members have a say
- Net profits are shared between all members

How is money saved in a SACCO secured

To provide the safety for the members' money, SACCOs have:

- **Systems**
- **Procedures**
- **Committees**
- **Reporting structures**