



KMA SACCO – FREQUENTLY ASKED QUESTIONS (FAQs)

Proposed Transition to a Regulated Deposit-Taking (DT) SACCO

1. What does “Deposit-Taking (DT) Sacco” mean?

A Deposit-Taking Sacco is a SACCO licensed by SASRA to offer **withdrawable and transactional banking-like services**, in addition to savings and loans.

As a DT Sacco, KMA Sacco would be able to offer:

- Transactional savings accounts
- Withdrawals and deposits on demand
- ATM and card services
- Mobile and internet banking
- Salary processing and standing orders

This is an **expansion of services**, not a change in ownership or cooperative identity.

2. Why is KMA Sacco considering DT status now?

KMA Sacco has reached a **maturity stage**:

- Over **7,000 members**
- Assets exceeding **KES 7 billion**
- Strong governance, compliance, and audit structures

- Increased demand for faster, more flexible access to funds

Remaining a Non-Withdrawable Deposit-Taking Sacco limits our ability to meet evolving member needs. Evidence from studies across the Sacco sector shows that **well-capitalized, well-governed SACCOs are best positioned to transition successfully and sustainably**

3. Is this a risky move for members?

No—**DT status actually increases regulatory oversight and protection.**

DT SACCOs:

- Are subject to **stricter SASRA supervision**
- Must meet **higher capital adequacy and liquidity requirements**
- Are required to maintain stronger **risk management, internal controls, and compliance frameworks**

The transition will also be **phased**, ensuring risks are identified and mitigated before full rollout

4. Will my savings and deposits be safe?

Yes. Member funds will be **better protected** under DT regulations.

DT SACCOs operate under:

- Enhanced liquidity monitoring
- Capital buffers
- Stronger internal audit and compliance systems
- Regular SASRA inspections

These measures are designed to safeguard member deposits and ensure institutional stability.

5. Will KMA Sacco become like a commercial bank?

No.

KMA Sacco will:

- Remain **member-owned**
- Retain its **closed bond** for medical professionals and their families
- Continue distributing surplus back to members through dividends and rebates

The difference is **expanded service capability**, not loss of cooperative identity.

6. Will membership requirements change?

No.

Membership eligibility will **remain the same**, limited to:

- Medical doctors, dentists, pharmacists
- Their spouses, employees, and eligible dependents

DT status does **not open the Sacco to the general public**.

7. Will this affect dividends or loan interest rates?

Positively, over time.

DT SACCOs benefit from:

- Increased savings mobilisation
- Diversified income streams (transaction fees, service charges)
- Improved liquidity for lending

This reduces over-reliance on loan interest alone and supports **more stable dividends and competitive loan pricing** in the long run

8. Will there be additional costs to members?

There may be **reasonable transaction-based charges** (e.g., withdrawals, transfers), similar to other DT SACCOs.

However:

- These charges support service delivery and system sustainability
- They are typically modest
- The overall value to members (convenience, speed, access) significantly outweighs the cost

Any fees will be **approved by the Board and disclosed transparently**.

9. How will DT status improve loan access?

DT status improves:

- **Liquidity availability** → faster loan processing
- Ability to introduce **short-term, emergency, and flexible loan products**
- Better matching of savings and lending cycles

Members benefit from **faster disbursements and more responsive credit services.**

10. What happens if the transition is approved at the AGM?

Approval at the AGM allows the Board to:

1. Commence formal engagement with **SASRA**
2. Strengthen capital, systems, and policies as required
3. Implement DT services **in phases**, not all at once
4. Roll out services after regulatory approval

No services will be launched without **full regulatory clearance.**

11. What happens if members do NOT approve the transition?

KMA Sacco will:

- Continue operating as a RNWDT Sacco
- Maintain current services

However, the Sacco will remain limited in offering transactional services, and members will continue relying on external institutions for daily banking needs.

12. Will existing accounts be affected or closed?

No existing member accounts will be closed.

During transition:

- Existing savings and loans continue uninterrupted
- Members will be guided on how to opt into new DT products once approved

The process will be **orderly and member-friendly**.

13. How will risks such as fraud and cyber threats be handled?

DT SACCOs are required to:

- Strengthen ICT security frameworks
- Enhance internal audit and compliance functions
- Maintain disaster recovery and business continuity plans

The feasibility evidence confirms that DT transitions must be accompanied by **strong technology, cybersecurity, and governance controls**

14. How can members participate before the AGM?

Members are encouraged to:

- Attend the **DT Transition Webinar**
- Ask questions and provide feedback
- Review AGM materials in advance
- Participate and vote at the AGM

This decision will only proceed with **informed member approval**.

15. What is the Board's assurance to members?

The Board assures members that:

- This decision is **strategic, evidence-based, and member-centred**
- The transition will be **phased, regulated, and transparent**
- The primary objective is to **enhance member value, convenience, and long-term sustainability**