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# MEMBER WEBINAR

## 24<sup>TH</sup> MAY 2024



# SAVINGS PRODUCTS

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## Members deposit



- Minimum contribution of 3,300/= per month.
- Basis for applying for a loan.
- Earns interest(rebates) at the end of the year.

# JUNIOR ACCOUNT

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- A savings account designed to provide a savings facility for parents to save for their children.
- It is open to all kids below 18 years.
- Earns interest of 6% per annum on amount above 5000.

# SCHOLAR ACCOUNT

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- Opened to students above 18 years in tertiary learning institutions such as college, polytechnic and university
- Earns interest of 6% annually on amounts of Kshs 5,000 and above.

# BENEVOLENT FUND

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- Member contribution to the fund of Kes 300 per month.
- Covers primary member and 5 beneficiaries who includes the nuclear family, parents and parents-in-law.
- Additional contribution of Kes 1000 pa for more than 5 beneficiaries nominated within the scope.
- Last expense limit of Kes100,000 per beneficiary.
- 3 months waiting period to claim upon joining the scheme.
- Maximum number of beneficiaries to be covered is 10.
- A member must update beneficiaries regularly.



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# FLEXI DEPOSIT ACCOUNT



# FLEXI DEPOSITS ACCOUNT

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Flexi deposit account is a type of investment that allows you to earn a fixed interest rate over a set period of time. Flexi deposit can be a great option to grow your money because of the high rate of return and the security it offers.

# INTEREST RATES

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We have revised our interest rates to a flat rate of 12% pa for any funds invested. This ensures that all our members have the opportunity to patronize the product.



# WHAT MAKES OUR FLEXI DEPOSIT ACCOUNTS GREAT?

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Our flexi deposits are safe, low risk and offer an attractive rate compared to other savings accounts.

With so many trendy investments in the market right now, it's easy to overlook long-standing wealth products such as Flexi Deposits. However, the current high-interest rate environment makes the Flexi Deposit account an attractive option for you to grow your money.

The low-risk factor makes our flexi deposit account an ideal piggy bank to achieve your short and long-term financial goals.



# WHY FLEXI DEPOSIT ACCOUNT?

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## **1. Building your emergency fund**

One of the primary financial goals that every individual should have is building an emergency fund. Flexi deposits can help you earn a profit that's higher than a typical savings account – which means that you can grow your fund faster! You can set aside a portion of your savings in a flexi deposit account, which will earn interest and can be accessed in case of emergencies.

## **2. Saving for a down payment when acquiring an asset**

Looking to grow your downpayment savings fast? This is the time to take advantage of the revised rates.

# WHY FLEXI DEPOSIT ACCOUNT?

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## 3. To grow investment capital

If you're saving up your money to purchase any type of investment, then why not park your money in our flexi deposit account in the meantime? You will get better rates compared to a regular savings account, and this can be part of your investment portfolio as well.

## 4. Flexibility

While other financial institutions offer similar savings accounts, are required to choose a tenure of the investment. Premature withdrawals usually come with a penalty and can significantly reduce your earnings which is not the case with our flexi deposits.

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Fixed deposits are one of the oldest and safest deposits offered by banks. So why not open one with Finnlemm Sacco today?

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# LOAN PRODUCTS





# MEDIUM TERM LOANS(3 TO 10YRS)

Loan Type	purpose	Multiplier	Period	Interest
Development	Project	x3	60	1%
Plot	Land	x3	60	1%
Asset Finance	Motor Vehicle	x3	48	1.25%
Premium	Project	x3	84	1.17%
Home	Mortgage	x4	120	1.25%
Daraja	Project	x4	36	1.5%

## SHORT TERM LOANS < 2YEARS

Type	Purpose	Multiplier	Period	Interest
Emergency	Unforeseen events/ expenses	x4	12	1%
Education	School Fees	x4	12	1%
Merchandise	Goods Purchase	x4	24	1%
Qaribu	New Member	x4	24	1%
Express	Quick Cash	x4	6	1%
Insurance	Car Motor	x3	12	1%

# SECURITY FOR LOANS

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- i. Guarantors-Active Sacco members in good standing must have sufficient free deposits to guarantee
- ii. Title Deed -Must be valued by prequalified sacco valuers and charged to the Sacco by creating and encumbrance
- iii. Log Book-M.V valued by Sacco valuer,tracker installed ,compresensively insured and Jointly registered to the sacco and the applicant

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# MOBILE LOANS SCORING & QUALIFICATION



# Finnlemm Mobile Loans



## M-Sacco Function



- ✓ Withdrawal to M-Pesa wallet
- ✓ Balance enquiry
- ✓ Mini-statement
- ✓ Loans application
- ✓ Funds Transfer (Deposits)
- ✓ Change pin number



# Mobile Loans

## Finnpesa Loan



Qualifications	Input	Output
❖ Membership Registration	1000	Registration fees
❖ Membership Period	3 months	Date of Join
❖ Membership	Status	Active
❖ Shares Capital	$\geq 30000$	All Members
❖ Deposit Shares	$\geq 2500$	All Members
❖ Loans Repayment	Default Value $\leq 0$	Loan arrears
❖ Eligibility	80%Dep	Loan Eligibility
❖ Repayment	Max 3	Three installments
❖ Facility Fee	6.5%	Fees
❖ Penalty	5%	2 after due day
❖ Loan Limit	Range (Khs)	2000-70000
❖ Mobile loan limit	Instant	$\leq 70,000$ (Graduated)

## Refinance Finnpesa Loan

❖ Loan Eligibility	$\geq 20\%$ of outstanding Loan balance
❖ Refinance Fee	5% of outstanding Loan
❖ scoring	check application scoring

# Mobile Loans

## Ustawi Loan



## Guarantorship

Qualifications	Input	Output
❖ Membership Registration	1000	Registration fees
❖ Membership Period	3 months	Date of Join
❖ Membership	Status	Active
❖ Minimum retained Shares	30,000	All Members
❖ Deposit Shares Minimum	$\geq 18,000$	All Members
❖ Other Loans categories	Default Value $\leq 0$	No arrears
❖ Eligibility	80% (Dep-(Finnpesa + Self Guaranteed loans))	Loan Eligibility(Formula)
❖ Interest rate	Reducing Rate	Interest
❖ Repayment	Max 12	Repayment Installments
❖ loans Frequency	Max 1	No. of running loans
❖ Interest Fee	3.5%	Monthly Interest
❖ One off facility fee	1.0%	On source
❖ Loan Limit	70,000-150,000	Loan Range
❖ Multiple loan	x4	Deposit multiple
❖ Ratio	Loan:deposit (L:D)	$\leq 4$
❖ Ratio	Guarantees:Deposit (G:D)	$\leq 4$

# Ustawi Loan Guarantorship



## Qualified Guarantor

✓ Membership Registration	1,000	Registration fees
✓ Membership Period	3 months	Date of Join
✓ Membership	Status	Active
✓ Default	$\leq 0$	Active
✓ Guarantor Eligibility	$((\text{Deposit} * 4) - (\text{Total Guaranteed}))$	Guarantee value

## Refinance Ustawi Loan

❖ Loan Eligibility	$\geq 20\%$ of outstanding Loan balance
❖ Refinance Fee	5% of outstanding Loan
❖ scoring	check application scoring

# OUR CONTACTS

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## FINNLEMM SACCO SOCIETY LIMITED

### QUESTIONS & ANSWERS

**Question:** Is the interest on the Flexi Deposit Account compounded?

**Answer:** Yes, the interest on the Flexi Deposit Account is compounded.

**Question:** I like the new development; need to confirm that I can add beneficiaries that are not part of my nuclear family for 1000 more a year.

**Answer:** The benevolent insurance policy covers only yourself, your spouse (one spouse), biological children, legally adopted children, biological mother, biological father, your mother-in-law (biological mother to your spouse) and your father-in-law (biological father to your spouse).

**Question:** Is our SACCO a deposit- taking entity by law yet?

**Answer:** SASRA has two categories of Regulated SACCOs that it regulates (i) Deposit Taking (DT) Saccos and Non-Withdrawable Deposit Taking Saccos (Non-WDT). DT Saccos are those licensed to conduct FOSA business. Finnlemm is not licensed to conduct FOSA business therefore it is a NON-WDT-Sacco.

**Question:** Why is it not possible to withdraw a lumpsum of the Ustawi amount but only in bits?

**Answer:** Single withdrawal limit is Kes 70,000 and daily withdrawal limit is Kes 150,000 for security purposes.

**Question:** Can the SACCO still have special treatment for retirees who cannot make monthly contributions but would still like to continue as members and still get the benefits?

**Answer:** The SACCO is developing products that will benefit the retirees and enable them to continue with their membership with the Sacco.

**Question:** Because the dividends are arrived using a qualifying formula, which factors in the month one made a deposit, why is it that the interest on the Finnpesa loan is not done on a reducing balance too, so that we work equitably?

**Answer:** Different loan products have different features and each feature is structured dependent on the loan product.

**Question:** If I want an asset that is neither land nor a vehicle, say a milking machine, can the SACCO help me secure it and hold receipts, like it holds logbooks or title deeds?

**Answer:** The Sacco accepts assets that have a legal ownership document which can be charged as security for loans.



**Question:** I was also concerned about the loan write off. Is it a sign that management is failing?

**Answer:** The loan write off relate to loans that were already in default by the time the members died. Insurance company does not compensate loans that are already in default by the time of loanee demise.

**Question:** What is the SACCO doing to ensure all the failures that were highlighted in last year's financial reports mitigated?

**Answer:** No failures were indicated so far from the Financial Report presented to the members.

**Question:** No failures were indicated so far from the Financial Report presented to the members. What was highlighted in the financial report presented to members were areas of non-compliance with the Regulator's prudential guidelines. The Sacco has in place a plan towards full compliance which it shared with the Regulator, SASRA.

**Answer:** The members voted on the decision during the 2024 AGM. It was in the best interest of the SACCO as supporting the SACCO to meet the regulators (SASRA) requirements.

**Question:** What informed your formula when calculating the interests on deposits?

**Answer:** The formula used to calculate interest on deposits is prorata as guided by Regulation 72 (2) of the Sacco Societies (Non-Deposits-Taking Business) Regulations, 2020 which provides inter alia that "non-withdrawable deposits shall attract interest on a pro-rata basis"

**Question:** The ICT department should be effective in distributing the lumpsums into every month. This has rarely been affected.

**Answer:** The department has started development of Internal Standing Order (STO) that will be rolled out to members soon.

**Question:** Which AGM decided on the PRORATA?

**Answer:** Prorata formula is guided by Regulation 72 (2) of the Sacco Societies (Non-Deposits-Taking Business) Regulations, 2020 which provides inter alia that "non-withdrawable deposits shall attract interest on a pro-rata basis"

**Question:** What is the SACCO management doing to motivate members to save more especially on deposits considering the current marketing trends in treasury bills and bonds?

**Answer:** There has been steady growth on returns to members from year to year. The Sacco has also reviewed upwards interest on Flexi deposit. These efforts are intended to motivate members to continue saving more.

**Question:** Does it mean rebates were also added to share capital because they are not appearing on the deposit statement?

**Answer:** Rebates were not added to share capital. They are on member's dividend disbursement account. The rebates (interest) earned on deposits can be accessed by a member by using the Finnpesa platform (\*346#) or visiting the member portal under Dividend Hub to issue instructions or send an email to [customer.care@finnlemm.com](mailto:customer.care@finnlemm.com) instructing how you would wish your funds applied.