Utafiti Savings and Credit Co-operative Society Ltd

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Mission: **Empowering members build wealth.**

Our core values: **Customer Focus, Teamwork, Integrity, Professionalism and Equity**

Vision: **To be the leading and preferred SACCO, providing sound financial services to our members**

M-Utafiti Loan Terms and Conditions Policy

1. Overview

The M-Utafiti Loan is an instant loan facility offered by Utafiti SACCO Ltd to its registered members through a mobile phone platform (USSD or App). This loan product is designed to meet the financial needs of SACCO members and is available based on terms and conditions set out in this policy.

1.2 Policy Statement

Utafiti SACCO will develop and offer a mobile loan facility in alignment with the institution's strategic objectives and the established needs of its members. The SACCO may revise the terms of the products and services periodically. Any changes will comply with existing laws, rules, and regulations at the time of approval. Such changes will be approved by the Board of Directors and communicated via a signed circular, in accordance with the applicable regulations and SACCO By-Laws.

The approval authority for all loan facilities rests with the SACCO's Board of Directors. However, the Board may delegate some credit approval authority to the Credit & Risk Committee and the Chief Executive Officer (CEO) for approvals below the prescribed thresholds.

1.3 Operations

1. The pricing of the mobile loan product will be evaluated by the committee based on the risks associated with target customer segments, the cost of funds, and other administrative costs.
2. The SACCO lending will focus on the following strategic segments:

   - Payroll Deduction Members
   - Non-payroll Deduction Members

3. The Board will set and approve segment limits in line with the institution's strategy. These segment limits will be reviewed periodically in alignment with applicable lending regulations.
4. Credit Risk Management will regularly assess the institution's exposure to the mobile loan product and will propose measures to address any identified risks to the Board.
5. All mobile loans must adhere to the relevant approval matrix. Once all parameters are met, mobile loan applications will be approved automatically by the system.

1.4 M-Utafiti Loan Policy Guidelines

a) All Sacco members are eligible. The applicant must have been an active member for at least 6 months with consistent savings during that period.
b) The applicant must be M-Utafiti registered using a unique MPESA mobile phone number.
c) Repayments can be made using the App, USSD, Paybill, or direct bank deposit.
d) The maximum repayment period is 2 months from the application date. The applicant can choose either 1 or 2 months for repayment.
e) This product is not pegged on members' salary but on free deposits.

f) The applicant must have a minimum share capital of Kshs. 20,000 and active deposit account.
g) The maximum loan amount is KES 80,000, which will gradually grow based on the following criteria:

- Repayment history
- Cumulative deposits
- Share capital
- Consistency in savings

Deposit Amount	Maximum Amount To Qualify
0-31,000ksh deposit	2,000ksh
31,001-50,000ksh	5,000ksh
50,001-75,000ksh	8,000Ksh
75,001-100,000ksh	15,000ksh
100,001-150,000ksh	18,000ksh
150,001-250,000ksh	25,000ksh
250,001-500,000ksh	30,000ksh
500,001- 750,000ksh	50,000ksh
750,001 and Above	80,000ksh

g) The loan shall attract an interest rate of 7% per month.
h) Interest will be paid upfront from the loan amount disbursed.
i) The applicant should not be in default on other loans in the SACCO.
j) M-Utafiti cash loan defaulters will be blacklisted from accessing M-Utafiti loans for 3 months and will incur an additional penalty interest of 7%. If the loan is not paid within 90 days, the outstanding amount will be recovered from the member's deposits. After the 3 months, the member will need to deposit the recouped funds back into their account to be reinstated to full standing and whitelisted.
k) The transaction will attract Safaricom charges as per the PAYBILL Standard Tariff.

2. Agreement

2.1 Binding Agreement
This Agreement sets out the complete Terms and Conditions that apply to the M-Utafiti loan services provided by Utafiti SACCO Ltd. These terms are effective from the date of publication and are legally binding once accepted by both the customer and the SACCO.

2.2 Definitions

- Sacco: Utafiti Sacco Society Ltd.
- M-UTAF: The mobile banking solution service.
- Business Day: A day on which financial institutions are open for ordinary business in Kenya, excluding Saturdays, Sundays, and public holidays.
- Customer: A member of Utafiti SACCO Ltd.
- Customer Instruction: Any request or instruction from the M-UTAF member to the SACCO.
- Pin: Any confidential password, code, or number used to access M-UTAF services.
- Transaction Fees: The charges applied to M-UTAF transaction services.
- Subscriber: A customer who subscribes to use the M-UTAF service.

3. General Conditions

- The M-UTAF service is provided for personal use only and is non-transferable.
- The SACCO offers the same types of accounts as provided, excluding joint accounts
- The SACCO is not bound to carry out any instructions it believes do not emanate from the member.
- The SACCO is not responsible for delays or non-delivery of alerts due to issues with Kenya's telecommunications infrastructure.

4. PIN and Access

- Subscribers will receive an SMS confirming their registration and PIN.
- Subscribers must ensure the secrecy of their PIN and prevent its use by third parties.
- Subscribers must inform SACCO of lost or stolen SIM cards within 3 hours. The subscriber is liable for transactions conducted until the SACCO is notified.
- If a PIN is forgotten, the subscriber may follow the system instructions to generate a new PIN.

5. Cancellation and Termination

- Subscribers may cancel or unsubscribe from the M-UTAF service at any time, subject to settling any outstanding liabilities.
- All payments made through the M-UTAF service are irrevocable.
- SACCO may cancel or suspend the M-UTAF service at any time without notice if deemed necessary.

6. **Charges**

The charges will be deducted upfront before the funds are transferred to the account meaning the borrower will receive less the transaction charges but the loan will remain as applied.

7. Access to Statements

Subscribers can request statements of all M-UTAF transactions via SACCO's official communication channels.

8. Intellectual Property Rights

Subscribers acknowledge that SACCO holds intellectual property rights over the M-UTAF system and associated documentation. Subscribers must not reproduce or tamper with the system without prior written consent from the SACCO.

9. Notices

Notices concerning the service will be sent via SMS to the mobile number associated with the M-UTAF account or published in a national newspaper. Notices will be deemed received unless a delivery failure notice is received.

10. Disputes

- **Customer Care**: Disputes should be communicated to the SACCO's email at Utafiti@cgiar.org for resolution.
- **Jurisdiction**: Any unresolved dispute will be referred to a Kenyan court of competent jurisdiction.

11. Customer Complaints

SACCO will acknowledge complaints within 72 hours and resolve them within 7 working days. If unresolved, the SACCO will provide regular updates to the subscriber.

12. Default

In the event of a default on repayment, SACCO will recover the full loan amount from the member's deposits.

13. Force Majeure

Neither party shall be liable for failure or delay in performing obligations due to circumstances beyond their control, including network issues, war, or government actions.

14. Amendment of Terms

Utafiti may amend these terms at any time by notifying subscribers via SMS or email. Such amendments will be effective immediately.