



REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS
(Bill No. 1 of 2018)

**THE SACCO SOCIETIES (AMENDMENT)
BILL, 2018**

(A Bill published in the Kenya Gazette Supplement No. 2 of 2018 and passed by the National Assembly, with amendments, on October 9th, 2019)

N.A. /B/No. 1/2018

**THE SACCO SOCIETIES (AMENDMENT)
BILL, 2018**

A Bill for

**AN ACT of Parliament to amend the Sacco Societies
Act, 2008**

ENACTED by Parliament of Kenya, as follows—

1. This Act may be cited as the Sacco Societies (Amendment) Act, 2018.

Short title.

2. The Sacco Societies Act, 2008, in this Act, referred to as the “principal Act” is amended by inserting the following new sections immediately after section 27—

Insertion sections
27A and 27B in
No. 14 of 2008.

Use of the phrase “DT-SACCO”.

27A. (1) A Sacco Society licensed under this Act to undertake deposit-taking business shall incorporate, as part of its business name and use at all times, the phrase “DT-SACCO” or any of its derivatives.

(2) A person shall not use—

(a) the word “DT-SACCO” or any of its derivatives; or

(b) any words indicating the transaction word of a deposit-taking Sacco business or its equivalent, in the name, description or title under which that person transacts business in Kenya or make any representation that the person transacts deposit-taking Sacco business unless that person is licensed under this Act.

(3) Every deposit-taking Sacco society existing before the commencement of this section shall, within twelve months, comply with the provisions of subsection (1).

(4) A deposit-taking Sacco society licensed under this Act shall notify the Authority prior to amending its registered by-laws or any provisions thereof.

Registration and licensing of a deposit-taking Sacco society.

27B. (1) A co-operative society that has been registered or incorporated as a deposit-taking savings and credit co-operative society or Sacco society shall, within one year of registration, obtain a licence from the Authority to operate as a deposit-taking savings and credit co-operative society or a Sacco society.

(2) A co-operative society which fails to obtain a licence within one year of registration in accordance with subsection (1) shall stop using the word “DT-SACCO” or any of its derivatives in its name.

(3) A person who continues to use the word “DT-SACCO” or any of its derivatives in contravention of sub-section (2), commits an offence.

3. The principal Act is amended by inserting the following new section immediately after section 48—

Insertion of section 48A in No. 14 of 2008.

Determination of suitability.

48A. (1) The Authority shall determine the suitability and propriety of every person seeking to serve as a Board member, Chief Executive Officer or other officer of a Sacco society, and may bar a person from serving in a Sacco society as a Board member, Chief Executive Officer or an officer pursuant to its determination.

(2) The Authority shall, in determining if a person is suitable and proper to serve as a director or an officer of a Sacco society, consider the following—

- (a) the financial status or solvency of the person;
- (b) the academic or other qualifications or experience of the person, having regard to the nature of the functions which the person shall perform;
- (c) the status of any other licence or approval granted to the person by any financial sector regulator;
- (d) the ability of the person to carry on the regulated activity competently,

honestly and fairly;

- (e) the reputation, character, financial integrity and reliability of the person; or
- (f) any other material information that the Authority may consider necessary.

(3) Without prejudice to the generality of subsection (2), the Authority may, when determining whether a person is suitable and proper—

- (a) take into account whether that person—
 - (i) has contravened provisions of any law for the protection of members of the public against financial loss due to dishonesty, incompetence or malpractice by persons engaged in dealing in marketable securities;
 - (ii) has been convicted or is being investigated in respect of an offence involving financial impropriety, fraud, corruption or economic crimes;
 - (iii) was a director of a Sacco society which was involuntarily liquidated, is under involuntary liquidation or has been placed under statutory management;
 - (iv) has participated in any business practice which, in the opinion of the Authority, was fraudulent, prejudicial to the market or public interest, was otherwise improper or would otherwise discredit the person's methods of conducting Sacco society business;
 - (v) has participated in or has been associated with any business

practice which casts doubt on the person's competence or soundness of judgment; or

(vi) has acted in such a manner as to cast doubt on the person's competence and soundness of judgment; and

(b) take into account any information in the possession of the Authority, whether provided by that person or from other available sources.

(4) Before determining that a person is not suitable or proper to serve as a director or officer of a Sacco society, the Authority shall give that person an opportunity to be heard.

4. Section 50 of the principal Act is amended by deleting subsection (8) and substituting therefor the following new subsection—

Amendment of section 50 of No. 14 of 2008.

(8) The Authority may impose minimum standards on significant members and officers of a Sacco society as prescribed, including a mandatory continuous or minimum professional development course, training and certification which every Board member, Chief Executive Officer or an officer of a Sacco Society shall undertake or attain before serving or seeking to serve as a Board member, Chief Executive Officer or an officer of a Sacco Society.

5. Section 54 of the principal Act is amended—

Amendment of section 54 of No. 14 of 2008.

(a) in subsection (5) by deleting paragraph (b) and substituting therefor the following new paragraph (b)—

(b) A Sacco society shall, in the ordinary course of business exchange information on performing and non-performing loans as may be specified by the Authority and to such extent as may be prescribed through regulations made under the Act.

(b) in subsection (6), by inserting a new paragraph immediately after paragraph (b) as follows —

(c) an institution licensed under the Banking Act, Microfinance Act or any other entity as may be provided for under any other written law;

(c) by inserting the following new subsection immediately after subsection (6)—

Cap. 488.

No. 19 of 2006.

(7) For the purposes of this section, “credit reference bureau” means a credit reference bureau established and operated pursuant to the provisions of section 31 of the Banking Act or section 34 of the Microfinance Act, 2006.

I certify that this printed impression is a true copy of the Bill passed by the National Assembly on the 9th October, 2019.

Clerk of the National Assembly

Endorsed for presentation to the Senate in accordance with the provisions of Standing Order 142 of the National Assembly Standing Orders.

Speaker of the National Assembly