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REPORT

OF

THE AUDITOR-GENERAL

ON

SACCO SOCIETIES REGULATORY AUTHORITY

FOR THE YEAR ENDED 30 JUNE, 2025

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The SACCO Societies Regulatory Authority
(SASRA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A: Acronyms

AFI	Alliance for Financial Inclusion
AGPO	Access to Government Procurement Opportunities
AML	Anti Money Laundering
BPR	Business Process Reengineering
CAJ	Commission on Administrative Justice
CBK	Central Bank of Kenya
CCA	Core Capital to Total Assets
CEO	Chief Executive Officer
CFT	Counter Financing of Terrorism
CLF	Central Liquidity Fund
CPF	Countering the Financing of Proliferation
DGF	Deposit Guarantee Fund
DT-SACCO	Deposit Taking Saccos
ESG	Environmental, Social Governance
FRC	Financial Reporting Centre
FSSR	Financial Sector Stability Report
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communications Technology
ICURN	International Credit Union Regulators' Network
IPPF	International Professional Practices Framework
IPSAS	International Public Sector Accounting Standards
IYC	International Year of Cooperatives
JFSR	Joint Financial Sector Regulators Forum
KDC	Kenya Development Corporation
KUSCCO	Kenya Union of Savings and Credit Cooperatives.
MSMEs	Micro, Small and Medium Enterprises
NPL	Non-Performing Loans
NT	The National Treasury
NWDT- SACCO	Non-Withdrawable Deposit Taking Saccos
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PC	Performance Contract
PFM	Public Finance Management
POCAMLA	Proceeds of Crimes and Anti-Money Laundering Act, 2009
PPADA	Public Procurement and Asset Disposal Act

PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PWD	Persons with Disabilities.
RBSS	Risk Based Supervision System
RK-FINFA	Rural Kenya Financial Inclusion Facility
SACCA	Savings and Credit Cooperatives Associations
SACCO	Savings and Credit Cooperatives
SASRA	Sacco Societies Regulatory Authority
SC	State Corporations
SCAC	State Corporation Advisory Committee
SSA	Sacco Societies Act (Cap 490B)
TNA	Training Needs Assessment
UFAA	Unclaimed Financial Assets Authority
UN	United Nations
WOCCU	World Council of Credit Unions

B: Definition of Key Terms

Act	The Sacco Societies Act 2008 (CAP 490B)
Authority	The Sacco Societies Regulatory Authority (SASRA)
Fiduciary Management	Members of Management directly entrusted with the responsibility of financial resources of the organisation
Regulation 2010	Sacco Societies Regulations (Deposit taking Sacco business), Regulations 2010
Regulation 2020	Sacco Societies Regulations (Non - Deposit taking business), Regulations 2020
Parent Ministry	Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.
Comparative Year	Means the prior period

2. Key Entity Information and Management

(a) Background information

The Sacco Societies Regulatory Authority (SASRA) is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. It was established as the Government's principal agency for supervision and regulation of SACCO Societies in Kenya pursuant to the provisions of the Sacco Societies Act Cap 490B. The Authority started its operations in 2010 upon Gazettement of the Sacco Societies (Deposit-taking Sacco Business) regulations, 2010 on 18th June 2010.

(b) Principal Activities

The Authority is charged with the responsibility of overseeing the implementation of the provisions of the *Sacco Societies Act* and the Regulations made thereunder, with the main functions being the licensing of SACCO Societies to undertake deposit taking SACCO business and the regulation and supervision of designated SACCO Societies in Kenya. The two main regulations which have been made pursuant to the Act and which the Authority implements are the *Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010* which applies to the licensing, regulation and supervision of SACCOs undertaking deposit taking business; and the *Sacco Societies (Non-Deposit Taking Business) Regulations 2020* which applies to the authorization, regulation, and supervision of SACCOs undertaking specified Non-Deposit Taking business.

Additionally, the Authority is responsible for overseeing the compliance of regulated SACCO Societies with the provisions of the *Proceeds of Crimes and Anti-Money Laundering Cap 56 (POCAMLA)* pursuant to *Section 36A* thereof as read with the *First Schedule* thereto which lists the Authority as one of the supervisory bodies for purposes of the POCAMLA.

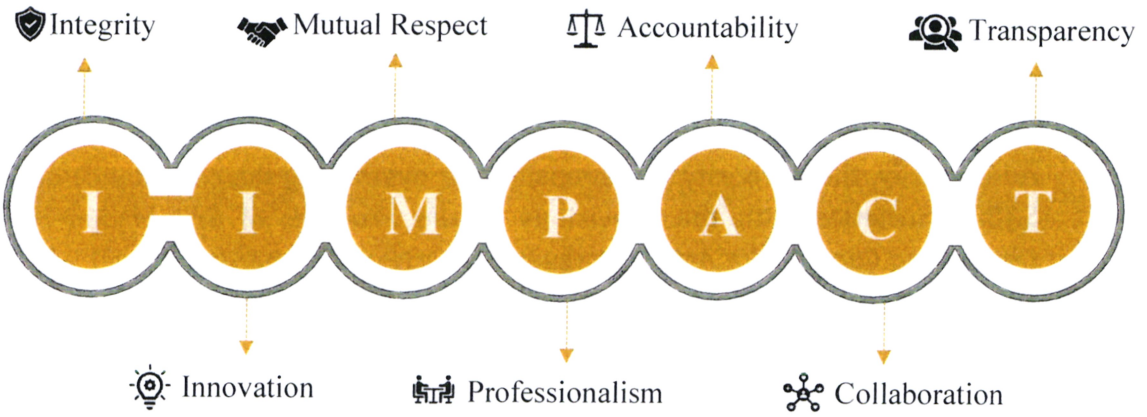
VISION

A financially inclusive, member centric and stable SACCO industry

MISSION

To regulate, supervise and develop the SACCO industry through promotion of prudent practices to protect member's interests, enhance access to financial services and foster financial stability.

OUR CORE VALUES



(c) Key Management

The Authority's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chairman Board of Directors	Hon. Jack Ranguma
2.	Chief Executive Officer	Peter Njuguna, EBS
3.	Director, Legal Services and Corporation Secretary	Roselyne Ragama
4.	Director, Compliance, Market Conduct and Regional Coordination	Peter Owira
5.	Director, Corporate Services	David Sandagi

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 with direct fiduciary responsibility were:

Table 1 Key Management Personnel

No.	Designation	Name
1.	Chief Executive Officer	Peter Njuguna, EBS
2.	Director, Legal Services and Corporation Secretary	Roselyne Ragama
3.	Director, Compliance, Market Conduct and Regional Coordination	Peter Owira
4.	Director, Corporate Services	David Sandagi
5.	Manager, Human Capital and Administration	Boniface Musumbi
6.	Manager, Finance and Accounts	Flora Kimari
7.	Manager, Supply Chain Management	Julius Muraguri
8.	Manager, Internal Audit	Anthony Mkabane
9.	Manager, Research, Planning & Strategy and Risk Management	Norah Biomndo
10.	Manager, Sacco Supervision	Jeremiah Were
11.	Manager, Information Communication Technology	Stephen Michubu
12.	Manager, Market Conduct	Anne Kago
13.	Manager, Licensing and Regulations	Dr. David Kahuthu
14.	Manager, Sacco Societies Fraud Investigation Unit	Sophia Mukiri
15.	Manager, Corporate Communications	Yvonne Gatobu
16.	Manager, Compliance	Joseph Osoro

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements and structures include:

i) Board of Directors

The board through various committees is responsible of giving strategic direction and risk and quality assurance on all key Authority's operations.

ii) Inspector General- State Corporations.

Ensures compliance with relevant legal and procedural matters in ensuring the Authority delivers on its mandate.

iii) Cabinet Secretary.

Responsible for Cooperatives and Micro, Small and Medium Enterprises Development guides on policy direction in ensuring the Authority delivers on its mandate to support the wider Government agenda.

iv) Auditor General.

Has the overall responsibility of ensuring an independent assessment of the Authority's financial and operational dealings issuing opinion to confirm the validity and compliance with laid down procedures and laws.

v) Parliamentary Committees

The Authority is answerable to various Parliament committees depending on the matter at hand.

Key Entity Information and Management (continued)

(f) Headquarters

Old Mutual Tower, 19th Floor
Upper Hill Road – Upper hill
P.O. Box 25089-00100
NAIROBI, Kenya

(g) Contacts

Telephone: 020-2935000/101, 0796488200
E-mail: info@sasra.go.ke
Website: www.sasra.go.ke
Toll free: 0800724422

(h) Bankers

Co-operative Bank of Kenya
Upper hill Branch
P.O. Box 30415-00100
NAIROBI, Kenya

Kenya Commercial Bank
Biashara Street Branch
P.O Box 3007,00100
NAIROBI, Kenya

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors



Hon. Jack Ranguma
Non-Executive Chairman
Master of Science M.Sc. in Accounting and Finance, CPA (K)

Born on 20th October, 1954, Hon. Ranguma was appointed as the Chairman of the Board of Directors of the Authority on 10th February 2023. He has a Master of Science degree (M.Sc.) in Accounting and Finance from the University of Illinois Urbana – Champaign.

CPA Ranguma is a Member of the Institute of certified Public Accountants of Kenya (ICPAK) amongst other affiliations such as Institute of Certified Public Secretaries of Kenya (ICPSK) and Kenya Institute of Management (KIM).

Prior to his appointment, Hon. Ranguma has held key leadership positions with over 30 years' experience amongst them being the pioneer Governor of Kisumu County in 2013.

Prior to joining Kisumu County, he was the first Commissioner of Domestic Taxes of the Kenya Revenue Authority where he was extensively involved in tax policy formulation and administrative reform, Public Finance, International and bilateral organizations and general oversight. He was also advisor to Tax Justice International Network on transfer pricing and negative tax policies affecting developing countries.

Previously, Hon. Ranguma was a partner of BDO Binder, an international accounting firm for more than 25 years where he developed extensive networks as an Advisor, Consultant and manager with vast knowledge in Audit, Finance and development, Institutional restructuring, reconstruction, mergers and acquisitions, debt restructuring, receivership management, project management and divestiture planning. He also worked as a Joint Receiver Manager where he revived the Muhoroni Sugar company to successful operations.



Ms. Freda Moraa
Independent Member
LLM, LLB, CPS(K)

Born on 20th March, 1969, Ms. Moraa was appointed as a Board member of the Authority on 23rd June 2023.

She has a Master of Laws Degree (LLM) from University of Cape Town (South Africa), a Diploma in Law from Kenya School of Law and a Bachelor of Law from the University of Nairobi. Ms. Moraa is an Advocate of The High Court of Kenya and has served as a judicial officer in various capacities across the country. She is the Legal Advisor in the office of the Governor, Nyamira County.

Ms. Moraa is currently the Chairperson of the Audit and Corporate Governance Committee of the Board and is also a member of the Technical Committee.

With this vast experience that spans over 23 years in Law, Justice Administration in the Public and Private Sectors within Legal System, Ms. Moraa brings on board expertise that will be key in execution of the Authority's regulatory mandate. Ms. Moraa is a Member of Institute of Certified Public Secretaries, and Law Society of Kenya.



Mr. Methuselah Rono
Independent Member

Master of Personnel Management (MPM),Industrial Relations and Labour Welfare, Masters in Human Resource Management (MSC)Bachelor of Commerce (B. Com) Finance and Banking

Born on 1st January, 1967, Mr. Rono was appointed as a Board member of the Authority on 16th June 2023. Mr. Rono is a holder of a Master of Personnel Management (MPM), Industrial Relations and Labour Welfare, Bachelor of Commerce (B. Com) Finance and Banking from Poona University (India). He also holds a Masters in Human Resource Management (MSC) from the University of Central England (UK) and is currently undertaking a PhD (Graduate Entrepreneurship) at the University of Birmingham in the United Kingdom.

Mr. Rono also holds a Certificate in Trusteeship from Humber University in Canada and in Corporate Governance from the Kenya Centre of Corporate Governance.

Mr. Rono is an Adjunct lecturer in the Faculty of Commerce at Egerton University. He served as the chairperson of the Local Committee at the Kenya Revenue Authority from 2013 to 2015, a Non-executive Director at Consolidated Bank of Kenya, Chairperson Staff and risk committee of the Board, Managing Trustee of Consolidated Bank Pension Scheme and an International Business Consultant/Trainer with the Platinum Consultants, in Birmingham City.

Mr. Rono is currently the Chairman of the Technical Committee of the Board and is also a member of the Corporate Services Committee.

Mr Rono is a Member of the Institute of Directors (IOD) and a Full Member of the Institute of Human Resource Management (IHRM). Mr Rono brings on board a wealth of Human Resources Management expertise which will go along way to assist the Authority in handling human resources matters.



Mr. George Maina
Independent Member from 17th January, 2025

Diploma in Information Technology and Microsoft Systems Engineering

Born on 1st July, 1979, Mr. Maina was appointed as a Board Member of the Authority on 17th January 2025. Mr. Maina is a holder of a Diploma in Information technology and holds a certification in Microsoft Systems Engineering and a Microsoft Certified Professional Certificate from the Kenya School of Professional Studies.

Mr. Maina currently serves as the Managing Director of a leading life sciences company specializing in bio-banking and biosafety solutions. He has previously held various positions within Equity Bank Group, rising through the ranks to serve as an ICT Systems Officer.

Mr. Maina is currently the Chairperson of the Corporate Services Committee of the Board and is also a member of the Technical Committee.

Mr. Maina is a seasoned entrepreneur who has demonstrated strong leadership in community initiatives. His commitment to social impact extends to youth empowerment, environmental conservation, and infrastructure development. Mr. Maina brings on board over 18 years of extensive experience in the commercial sector ad information technology, a key ingredient to the fostering a financially inclusive, member-centric, and stable SACCO industry.



Ms. Alice Mwololo,
Alternate, PS National Treasury
BA in Economics, Post Graduate Diploma in Development Planning Techniques and Masters in Economics

Born on 6th January 1966, Ms. Mwololo was appointed as an alternate to the Principal Secretary of the National Treasury on 14th October, 2015. She holds a Masters in Economics and BA in Economics from the University of Nairobi and a Post Graduate Diploma in Development Planning Techniques from the Institute of Social Studies in the Netherlands. She is currently pursuing a PhD in Economics at Kenyatta University.

Ms. Mwololo is the Director of Planning, Financial and Sectoral Affairs Department at the National Treasury. She has extensive experience in economic policy analysis, public finance, competition policy, project management and governance. She also has extensive experience in trade policy and regional integration matters; international and bilateral trade negotiations. She has participated in negotiations and conclusion of various bilateral and regional economic and trade agreements.

Ms. Mwololo is a member of the Corporate Services Committee and Audit and Corporate Governance Committees of the Board of the Authority.



Ms. Cynthia Lekolool
Alternate, Governor CBK
Master of Business Administration, Bachelor of Science in Financial Services, Bachelor of Commerce

Born on 1st January 1971, Ms. Lekolool was appointed as an alternate to the Governor of the Central Bank of Kenya on 18th October 2024. She holds a Master of Business Administration from the University of Wales College of Cardiff, Cardiff Business School (UK), a Bachelor of Science in Financial Services from the University of Manchester Institute of Science and Technology (UMIST), UK, and a Bachelor of Commerce from the University of Nairobi, Kenya.

Ms. Lekolool has over 30 years of experience in financial regulation at the Central Bank of Kenya (CBK) and brings a wealth of expertise in Regulatory Frameworks, Corporate Governance, Risks, Controls and Compliance Management.

Ms. Lekolool also represents the Governor of the Central Bank of Kenya (CBK) as an Executive Committee member at the African Rural and Agricultural Credit Association (AFRACA) and is an Associate of the Chartered Institute of Bankers (UK) and a Member of the Kenya Institute of Management (KIM).

Ms. Lekolool is currently a member of the Technical Committee and Audit and Corporate Governance Committees of the Board of the Authority.

Her leadership is pivotal in fostering a conducive business environment in the Sacco subsector, while contributing to the attainment of the Authority's vision.



Mr. David Kirk Obonyo,
Commissioner for Cooperatives
Bachelor of Arts in Sociology and PoliticalScience,
Master of Arts in Rural Economicsand Co-operation

Born on 4th October 1966, Mr. David Obonyo was appointed to the Board of the Authority on 17th June 2021. He is the current Commissioner for Cooperatives Development. He holds a Master of Arts in Rural Economics and Co-operation from Bundelkhand University in India and a Bachelor of Arts in Sociology and Political Science from Agra University.

Mr. Obonyo has over 28 years working experience in Co-operative Movement having worked in various positions at the Ministry including being the Ag. Chief Executive Officer/ Secretary at the Ethics Commission for Co-operative Societies Board.

Mr. Obonyo is currently a member of the Corporate Services Committee and Audit and Corporate Governance Committee of the Board of the Authority.



Mr. Timothy Kihara
Independent Member upto 16th January, 2025
Higher National Diploma in Electrical Engineering

Born on 15th April, 1969, Mr. Timothy Kihara was appointed as a Board member of the Authority on 16th June 2023.

Mr Kihara holds a Higher National Diploma in Electrical Engineering from Kenya Polytechnic and has pursued several industry-specific trainings in Leadership, Corporate Governance, people management, Information Technology, Finance and Production.

Mr. Kihara was the Chairperson of the Corporate Services Committee and also a member of the Technical Committee.

He was a seasoned businessman and served as the Chief Executive Officer of a prominent chain of supermarkets in the country. He was the Board Chairman of Kiambu Golf club and had served as a board member of the Kenya Retailers Association.



Mr. Gerald Nyaoma,
Alternate, Governor CBK upto 7th October, 2024
BA (first class honors degree inEconomics), M. Phil.(Econ), CPA (K) and CPS (K)

Born on 17th October, 1964, Mr. Nyaoma was appointed as an alternate to the Governor of the Central Bank of Kenya on 6th April 2016. He was the Director, Bank Supervision Department at the Central Bank of Kenya (CBK).

He holds a M. Phil.(Econ) degree from the University of Cambridge-UK and BA (first class honours degree in Economics) from University of Nairobi.

He is CPA (K), CPS (K) and an Associate of the Kenya Institute of Bankers (AKIB).

Mr. Nyaoma was a member of the Technical Committee and Audit and Corporate Governance Committees of the Board of the Authority.



Mr. Peter Kahunyo Njuguna, EBS
Chief Executive Officer
BSc in Mathematics, MSc. in OperationsResearch, and CPA(K), Certified Executive Leadership Coach (CELC).

Born on 27th August 1972, Mr. Njuguna was appointed as the CEO on 18th August 2021. He holds a MSc. in Operations Research from the London School of Economics, UK, and a BSc in Mathematics. He is a holder of CPA (K), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a Certified Executive Leadership Coach (CELC).

He joined SASRA in 2010 and led the Sacco supervision team in formulating and implementing the regulatory, supervisory strategy towards safe and sound SACCO industry in Kenya. Previously, he worked with World Council of Credit Unions (WOCCU) as a financial specialist and project Director. Mr Njuguna also worked with CIC and CBK.



Mrs. Roselyne Adoyo Ragama
Corporation Secretary/ Director Legal Services
LLM (Corporate Governance) LLB (Hons) and Post Graduate Diploma in Law, and CPS (K), Certified Executive Leadership Coach (CELC).

Born on 21st May, 1967, Mrs. Roselyne Ragama joined the Authority in 2010 in the legal department and serves as the Corporation Secretary. She set up the department and championed the development and implementation of key governance instruments at the Authority. Roselyne is an advocate ofthe High Court of Kenya and holds an LLM from University of Nairobi specializing in Corporate Governance, LLB (Hons) and Post Graduate Diploma in Law from Kenya School of Law, CPS (K) and Diploma in Cooperative Management. She is a member of the Institute of Certified Public Secretaries of Kenya, a Certified Executive Leadership Coach (CELC) and a member of the Institute of Directors of Kenya.

4. Key Management Team

Office of the Chief Executive Officer



CPA Peter Kahunyo Njuguna, EBS
Chief Executive Officer
MSc. Operations Research, BSc. Mathematics, CPA (K), Certified Executive Leadership Coach (CELC)



CS Roselyne Adoyo Ragama
Corporation Secretary and Director, Legal Services
LLM Corporate Governance, LLB, Dip. Law, CPS (K), Dip. Cooperative Management, Certified Executive Leadership Coach (CELC)



Peter Onunga Owira
Director, Compliance, Market Conduct and Regional CoordinationMBA (Finance), BA (Economics)



CPA David Amiani Sandagi
Director Corporate Services
MBA (Finance), BBM(Finance), CPA(K),Certified Expert in Financial Inclusion (CEFI)
Certified Project Manager for Development Professionals (PMDP)
Certified Professional Coach (CPC)

 **CPA Flora Nyambere Kimari** Manager, Finance and Accounts MBA(Finance), BA (Economics and Sociology), CPA (K)	 **Boniface Wambua Musumbi** Manager, Human Capital and Administration MBA (Human Resource Management and Strategic management), BA (Economics and Geography), CHRM Certified Professional Coach (CPC), Higher National Diploma in HRM	 **Jeremiah Otieno Were** Manager, SACCO Supervision, LLB, Dip. Law

 **Sophia Mukiri** Manager, SASRA Fraud Investigation Unit Dip. Police studies, Mgmt Course, GTI	 **Julius Thairu Muraguri** Manager, Supply Chain Management MBA, BA (Economics & Sociology), MCIPS, Certified Professional Coach (CPC)	 **Anne Wambui Kago** Manager, Market Conduct Supervision MBA (Corporate Management), BA (Political Science and Sociology), M- ACAMS, M-CIPR(UK), M-PRSK
 **CPA Dr. David Gitonga Kahuthu** Manager, Licensing and Regulation PhD (Finance), MBA (Finance), Bcom (Accounts and Finance), CPA(K), Dip. Cooperative Management	 **CPA Joseph Gogo Osoro** Manager, Compliance MBM, BSc, AGEC, CPA(K), Certified Professional Coach (CPC)	 **CPA Norah Chemutai Biomndo** Manager, Planning, Strategy and Research MBA (Strategic Management), BA(Economics), CPA(K), CFE
 **Stephen Michubu Lairenge** Manager, ICT BSC(Information Technology)	 **Yvonne Kinya Gatobu** Manager, Corporate Communication MA (Diplomacy and International Relations), BA (Public Relations), MPRSK	 **CPA Anthony Mkabane** Manager, Internal Audit MBA, Strategic Management, BBM (Accounting), CPA(K),

5. Chairman's Statement

As the Chairman of the Board of Directors of the Sacco Societies Regulatory Authority (SASRA), I am honoured and privileged to present the Annual Report and Financial Statements for the financial year ended 30th June 2025. This report embodies the Authority's unwavering commitment to its statutory mandate of regulating, supervising, and promoting the sustainable growth and development of the regulated SACCO Industry.

The period under review was a defining year for both the Authority and the SACCO Industry. It was characterised by significant negative publicity of unregulated entities but also substantial progress for enhancing stability, sustainability, and resilience of regulated SACCOs amidst a dynamic economic environment. Despite challenges such as liquidity pressures, non-remittance of member deductions, interest rate fluctuations, and global economic uncertainties, the Industry demonstrated remarkable adaptability and continued to expand its footprint as a pillar of financial inclusion in the country.

Regulatory Oversight

The year under review also marked the second year of implementing the Authority's Strategic Plan 2023–2027, which guides our regulatory priorities and performance benchmarks. Through the annual corporate work plan, the Authority aligned its initiatives to strategic objectives focused on three core regulatory pillars being Prudent Financial Supervision through strengthening oversight and continued implementation of the Risk-Based Supervision (RBS) Framework, allowing the Authority to prioritise resources toward higher-risk SACCOs while supporting sector-wide compliance, robust member protection by promoting transparency, fairness, and accountability in regulated SACCO operations to safeguard the rights and interests of over 7.39 million members across the country and strategic regulatory management by ensuring the regulatory environment remains dynamic, responsive, and aligned to international best practices through legislative reforms, digital transformation initiatives, and targeted policy interventions.

Through this multi-pronged approach, the Authority has not only reinforced public confidence in regulated SACCOs but also strengthened their role as critical drivers of socio-economic development. Regulated SACCOs continue to provide affordable savings and credit solutions, mobilise community resources, and empower individuals and businesses, particularly in rural and underserved areas where access to traditional banking services remains limited.

This year's performance is a testament to the collaborative effort between the Board, management, staff, and the diverse network of stakeholders, including government agencies, financial sector regulators, development partners, SACCOs and SACCO members themselves. Together, the Authority has laid a strong foundation for sustainable

growth, ensuring that regulated SACCOs remain secure, reliable, and competitive in an evolving financial landscape.

Legal and Policy Developments

The Authority advanced several policy and regulatory initiatives to strengthen governance and improve operational efficiency internally and across SACCOs.

Legislative Reforms

The Authority supported the proposed Cooperative Bill and amendments to the Sacco Societies Act. These on-going legislative processes aim to ensure better alignment with the Constitution of Kenya particularly on devolution, modernise governance and compliance structures, strengthen oversight and accountability in SACCO operations, provide a clear legal basis for regulating secondary cooperatives and emerging financial products as well as align Kenya's SACCO regulatory framework with international best practices.

Model Complaints Management Policy

The rollout of the Model Complaints Management Policy (2024) was undertaken to standardise complaints handling, foster transparency, and improve member protection.

Combating Money Laundering and Terrorism Financing

The issuance of Guidelines on Combating Money Laundering and Terrorism Financing (2024) was done to enhance SACCOs' compliance with national and international AML/CFT standards.

Stakeholder Management and Engagement

The Authority continued implementation of its communication and stakeholder engagement policy to foster transparent, structured, and inclusive engagement with stakeholders. This has resulted into strengthened collaboration with regulated SACCOs and their members as well as Government agencies and financial sector regulators hence promoting harmonisation of supervisory efforts and policy alignment. In addittion, the Authority has heightened interactions with the public and industry associations hence building awareness of SACCO operations and increasing confidence in the regulatory environment. Through forums, workshops, regulatory roundtables, and public consultations, the Authority increased stakeholder trust, sector accountability, and support for regulatory initiatives that drive sustainable growth.

Public consultation and stakeholder engagement remain central to the Authority's regulatory approach. Throughout the year, the Authority actively participated in forums, conferences, workshops, and bilateral engagements, gathering insights, addressing sector challenges, and fostering collective ownership of regulatory initiatives. This inclusive approach ensures that stakeholders from SACCO members and boards,

government agencies, financial regulators, and development partners understand, support, and contribute to the Authority's mission of sustaining a vibrant SACCO industry that is integral to national socio-economic growth.

Board Oversight and Governance

The Board of Directors continues to provide strategic oversight, guided by the principles of transparency, accountability, and ethical leadership, as enshrined in the Constitution of Kenya, the State Corporations Act, and the Mwongozo Code of Governance for State Corporations. A structured Board work plan ensures that strategic and policy matters are addressed efficiently through regular meetings, retreats, and continuous capacity-building initiatives. These engagements equip the Board with the knowledge and foresight required to respond effectively to emerging risks, industry trends, and evolving regulatory demands.

Enhanced Internal Policy Frameworks

The Authority continued to align its governance frameworks with both National and International standards best practices and acceptable norms. During the year under review, the Authority's Board approved a number of new policy initiatives, while revising others that were outdated. In particular the Board initiated the data protection and privacy policy, revised whistleblower and conflict of interest policies, records management policy, and digitisation strategy, all aimed at enhancing institutional governance and regulatory capacity.

These initiatives provide a stronger regulatory foundation for the Authority to operate responsibly, improve risk management, and align with National and global supervisory expectations.

Challenges

While the regulated SACCO industry reported significant achievement in the year under review, regulated SACCOs continued to navigate a complex operating environment marked by both internal and external challenges. Key among these is the non-remittance of member deductions by employer institutions, which disrupts cash flows resulting to liquidity pressures, compromising their sustainability and growth potential. Governance gaps and operational inefficiencies also persist in some SACCOs, affecting decision-making, compliance, and long-term sustainability. Additionally, rising operational costs, driven by inflationary pressures and the need for continuous investment in technology and human capital, continue to challenge profitability.

On the external front, the industry remains exposed to macroeconomic vulnerabilities and global economic shocks, including interest rate fluctuations, currency volatility, and shifts in donor funding that affect SACCOs linked to externally financed projects.

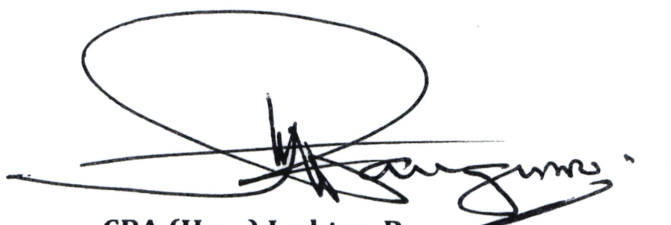
Addressing these challenges requires multi-dimensional interventions. SACCOs must strengthen governance frameworks, enforce accountability at board and management levels, and enhance internal controls to mitigate emerging risks. The adoption of proactive risk management practices including liquidity contingency planning, diversification of income sources, and stricter loan portfolio monitoring is essential.

Future Outlook

Looking forward, the Authority remains resolute in its commitment to foster a financially inclusive, member-focused, and sustainable SACCO industry. By leveraging innovation, risk-based supervision, regulatory reforms, and collaborative partnerships, the Authority will continue to safeguard member interests and position regulated SACCOs as secure, reliable, and transformative financial institutions capable of driving community empowerment and inclusive economic development. In addition, the Authority has proposed new regulatory tools which when enacted into law will streamline the operating environment and bring stability in the sector.

Appreciation

I take this opportunity to extend my sincere appreciation to my fellow Board members, Management, Members of staff, and our valued stakeholders for their dedication, professionalism, trust and unwavering support. Together, we will continue to strengthen the SACCO sector, build resilient financial institutions, empower communities, and advance the Country's journey toward inclusive and sustainable economic growth.



CPA (Hon.) Jackton Ranguma
Chairman, Board of Directors

6. Report of the Chief Executive Officer

The Authority's Annual Report and Financial statements are a statutory publication, documenting the operations of the Authority during the 2024/2025 fiscal period. The Annual Report and Financial statements are prepared pursuant to Section 21 of the SACCO Societies Act CAP 490B, Section 81 of the Public Finance Management Act, 2012 and the State Corporation Act. The Annual Report and Financial Statements are further prepared in conformity with the revised guidelines issued by PSASB in June 2025.

The financial year under consideration marked the second year of implementation of the Authority's strategic plan where the Authority took stock of the operating context against its progress, to ensure that strategic goals remained valid and responsive to the changes taking place within the economy and financial system. The Authority remains focused towards pursuit of strategic objectives premised under strengthening of organizational sustainability, enhancement of financial stability for the regulated SACCOs and promotion of financial inclusivity.

Licensing and Authorization

The Authority considered and processed 176 licenses for DT-SACCOs, while a total of 178 NWDT-SACCOs had their authorizations approved. In course of the year, two additional DT-SACCOs successfully transitioned from NWDT-SACCO category closing the year ended 30th June 2025 at 178, while NWDT-SACCO category closed at 177, inclusive of one NWDT-SACCO authorized to operate as a digital NWDT Sacco and three NWDT-SACCOs authorized to operate as diaspora based Saccos', as provided by regulation 5(1) of the Sacco Societies (Non-Deposit taking Business), Regulations, 2020.

Given the growth potential in Deposit-Taking Sacco Business due to availability of prospective diversified business lines, the Authority projects increased applications from NWDT SACCOs to undertake Deposit-taking business going forward.

Key Performance Indicators

Total assets for regulated SACCOs grew from Kshs. 971.96 billion in 2023 to Kshs 1.08 trillion in 2024, marking a major milestone in the industry. This represented a growth of 10.72%, majorly driven by issuance of credit and other loan products to members, constituting 73.36% of total assets. In the aggregate, deposits held by the Regulated SACCOs closed at Kshs 749.43 billion, up from Kshs 682.19 billion reported in 2023, translating to 9.86% growth.

Membership of regulated SACCOs grew to 7.39 million in 2024, up from 6.84 million in 2023, reflecting a clear and growing public preference for SACCOs as accessible, reliable financial institutions. This expansion underscores the industry's central role in advancing

financial inclusion, particularly for individuals and communities traditionally excluded from the financial system.

Regulated SACCOs Sector Stability

Regulated SACCOs remained stable in the year under review as indicated by key prudential measures, underpinning capital adequacy, efficiency in operations, liquidity and quality of earning assets.

Aggregated core capital for DT-SACCOs amounted to KShs 163.25 billion translating to 17.28%, an increase from 16.07% recorded in 2023. On the other hand, NWDT-SACCOs core capital stood at KShs 14.28 billion translating to 10.87% of total assets from 10.40% reported in 2023. From a liquidity perspective DT-SACCOs reported an aggregate liquidity of 61.34% while NWDT-SACCOs was at 144.65%.

The table1 is a summary of the sector's key financial and performance indicators over the last 5 years.

Key Financial and Performance Indicators

FINANCIALS	CLUSTER	KSHS BILLIONS (*Where Applicable*)					YEAR TO YEAR CHANGES			
	YEAR	2024	2023	2022	2021	2020	2023/24	2022/23	2021/22	2020/21
MEMBERSHIP	DT-SACCOS	6,870,752	6,317,531	5,945,221	5,538,789	5,470,492	8.76%	6.26%	7.34%	1.25%
	NWDT-SACCOS	514,671	524,776	475,270	460,785	352,681	-1.93%	10.42%	3.14%	30.65%
	TOTALS	7,385,423	6,842,307	6,420,491	5,999,574	5,823,173	7.94%	6.57%	7.02%	3.03%
TOTAL ASSETS	DT-SACCOS	944.86	832.89	763.5	691.09	627.68	13.44%	9.09%	10.48%	10.10%
	NWDT-SACCOS	131.29	139.06	126.8	116.02	106.54	-5.59%	9.67%	9.29%	8.90%
	TOTALS	1076.15	971.96	890.3	807.11	734.22	10.72%	9.17%	10.31%	9.93%
TOTAL DEPOSITS	DT-SACCOS	649.32	575.19	522.59	474.25	431.46	12.89%	10.07%	10.19%	9.92%
	NWDT-SACCOS	100.11	107	97.86	90.64	83	-6.44%	9.34%	7.97%	9.20%
	TOTALS	749.43	682.19	620.45	564.89	514.46	9.86%	9.95%	9.84%	9.80%
GROSS LOANS	DT-SACCOS	744.36	652.27	586.16	522.25	474.77	14.12%	11.28%	12.24%	10.00%
	NWDT-SACCOS	100.75	106.3	94.19	86.5	80.28	-5.22%	12.86%	8.89%	7.75%
	TOTALS	845.11	758.57	680.35	608.75	555.05	11.41%	11.50%	11.76%	9.67%
ALLOWANCE FOR LOAN LOSS	DT-SACCOS	52.31	49.11	36.95	34.05	24.19	6.52%	32.91%	8.52%	40.76%
	NWDT-SACCOS	3.38	3.24	2.68	2.02	0.86	4.32%	20.90%	32.67%	134.88%
	TOTALS	55.69	52.35	39.64	36.07	25.05	6.38%	32.06%	9.90%	43.99%
NET LOANS & ADVANCES	DT-SACCOS	692.05	603.15	549.2	488.2	450.58	14.74%	9.82%	12.49%	8.35%
	NWDT-SACCOS	97.37	103.06	91.51	84.48	79.42	-5.52%	12.62%	8.32%	6.37%
	TOTALS	789.42	706.21	640.72	572.68	530	11.78%	10.22%	11.88%	8.05%
CAPITAL RESERVES (INCLUDING RETAINED EARNINGS)	DT-SACCOS	181.01	151.41	143.35	125.5	115.28	19.55%	5.62%	14.22%	8.87%
	NWDT-SACCOS	16.76	16.64	13.82	11.44	9.44	0.72%	20.41%	20.80%	21.19%
	TOTALS	197.77	168.05	157.17	136.93	124.73	17.69%	6.92%	14.78%	9.78%
RETAINED EARNINGS	DT-SACCOs	47.63	38.63	39.36	34.56	35.59	23.30%	-1.85%	13.89%	-2.89%
	NWDT-SACCOs	5.04	4.64	3.96	3.16	2.4	8.62%	17.17%	25.32%	31.67%
	Totals	52.67	43.28	43.32	37.73	37.99	21.70%	-0.09%	14.82%	-0.68%

Source: SACCO Supervision Annual Report 2024

Quality of the Loan Asset

Regulated SACCOs in the aggregate, reported non-performing loans (NPLs) at 8.39% in 2024 compared to an NPL ratio of 8.45% in 2023. The NWDT-SACCOs level of non-performing loans stood at 7.07% in 2024, an improvement from 7.12% in 2023; while the DT-SACCOs recorded an NPL ratio of 8.56% in 2024 compared to an NPL ratio of 8.66% in 2023.

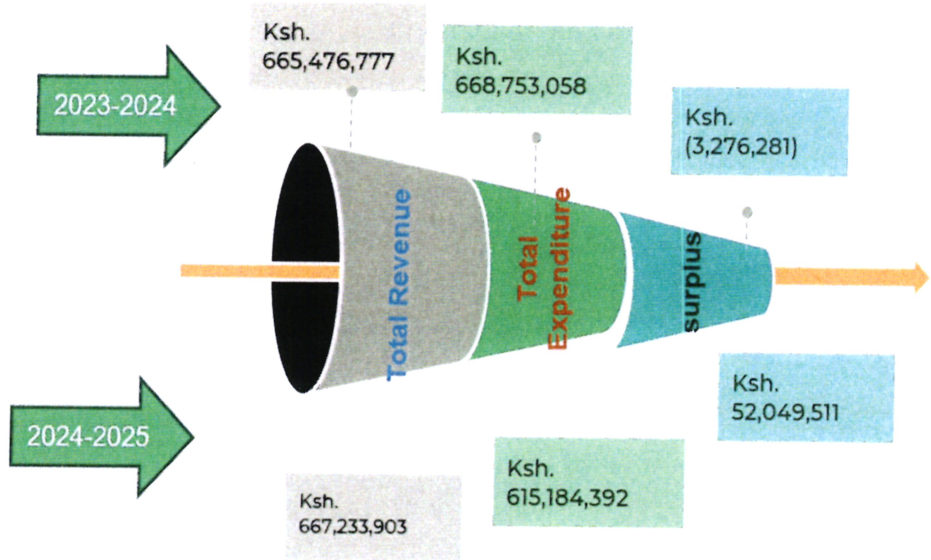
Risk Based Supervision

Implementation of the risk based supervisory policy backed by supervisory manual led to identification of 48 regulated SACCOs that were inspected during the 2024/2025 fiscal period. This was an increase from 45 inspections conducted the previous year.

Implementation of an automated risk based supervision system is on-course and is projected to strengthen sector-wide risk assessment.

Financial and Operational Performance of the Authority

The Authority' source of revenue is from levies and fees from regulated SACCOs as well as donor support. During the 2024-2025 financial year, the Authority raised consolidated revenues of Kshs. 667.23 million, which was a growth from Kshs. 665.47million raised in the previous fiscal period. Levies constituted the highest percentile of revenue streams, with Kshs. 639.2 raised during the year under review, representing 95.7% of income, as summarised below:



The revenues raised were majorly applied towards implementation of the Authority's supervisory mandate accounting for 31.99% of total expenses as well as through maintenance of Staff, with total expenditure declining from Kshs. 668.7 million in 2023/2024 to Kshs. 605.4 million in the current fiscal period, resulting to a surplus of Kshs. 62.41million, in comparison to a deficit of Kshs. 3.2million in the 203/2024 and 2024/2025 fiscal periods respectively. This was as a result of exogenous factors introduced within the year that led to challenges in implementation of some policy and regulatory initiatives.

Digital Financial Services

Cognizant of the technological advancements, the Authority has proposed a Digital Financial Services Framework intended to encourage regulated SACCOs to integrate digital solutions such as mobile money, internet banking, and USSD platforms, thereby

enhancing service delivery and financial inclusion. Promotion of this digital framework remains a strategic priority to foster operational efficiencies and broaden financial inclusion.

Financial Inclusivity

In line with global goals, the Authority aligned its operations towards sustainable development with emphasis on financial empowerment, institutional strengthening, gender equity and economic development. To achieve such targets, the Authority contribution included poverty reduction as the first goal through enhancing access to affordable financial services in regulated SACCOs, enabling underserved populations to mobilize savings and access credit. The Authority continuously supported rural and informal economies by regulating SACCOs that provide financial services to low-income earners, farmers and small business owners. Collaborative efforts were also pursued through strategic partnerships with government agencies, development partners, and international institutions to build sector capacity. These included hosting ICURN conference, AFI president and participating in the annual JFSR.

As a responsible corporate citizen, the Authority actively contributed to solutions aimed at mitigating social and environmental challenges through collaborative engagements. During the year under review, the Authority collaborated with regulated SACCOs in Rift Valley and The Head of Public Service and donated 3,000 seedlings to grow trees in Chepalungu Forest. It is envisaged that through such engagements especially with regulated SACCOs, environmental conservation will become entrenched in their operations. This shift includes prioritising blue and green financing initiatives, adopting climate-resilient strategies, and incorporating sustainability considerations into everyday business practices. Such measures will position regulated SACCOs as responsible and forward-thinking financial institutions.

Key Challenges

Regulated SACCOs continue to face challenge with non-remitted deductions by employers which amounted KShs 3.49 billion during the year under review. This has potentially led to loan defaults, strained liquidity and Policy reforms are also being developed to address challenges associated with. These reforms include direct recovery mechanisms from governmental entities via exchequer grants, safeguarding member funds.

Undoubtedly, the year 2024 saw the Regulated SACCOs experience financial difficulties following their failure to access investments held by an unregulated entity. The Authority directed impairment of the said assets to ensure fair financial reporting.

Collectively, these initiatives reflect the Authority's continued commitment to improving SACCO governance, consumer protection, financial inclusion and operational resilience and the impact of these interventions has been notable. Regulated SACCO members are

now better informed, enabling them to make sound financial decisions, clearly understand their rights and responsibilities and engage more actively in SACCO governance processes. Additionally, capacity-building efforts have significantly enhanced governance and operational management capacities of regulated SACCOs, resulting in improved compliance, accountability and overall sector performance.

Appreciation

On behalf of the Management team, the Authority expresses its gratitude to the Cabinet Secretary Ministry of Cooperative & Micro, Small & Medium Enterprises (MSMEs) Development and the Principal Secretary, State Department for Cooperatives for their continued support in policy guidance. I am also deeply grateful to the Board of Directors for establishing the vision and mission necessary to accomplish the Authority's mandate and for their continuous support and oversight.

I also recognize the Management and Staff of the Authority for their support in achieving our goals. In addition, collaboration with the leadership of National Cooperative Organizations, staff and leadership of regulated SACCOs has supported our regulatory mandate in inculcating a compliance culture within the SACCO Industry.



CPA, David Sandagi
Ag. Chief Executive Officer

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

The Authority was in its second year of implementing the Strategic Plan 2023–2027, a blueprint that defines its strategic direction, priorities, and performance benchmarks for the five-year period. The plan is anchored on the Authority's mandate to regulate, supervise, and promote sustainable growth of the SACCO sector, while contributing to national financial inclusion and socio-economic development goals.

The annual corporate work plan for the year under review was derived directly from the strategic objectives articulated in the Strategic Plan. These objectives focus on key result areas such as:

1. Strengthening Regulatory Oversight and Compliance – Enhancing the stability, sustainability, and governance of regulated SACCOs through risk-based supervision, effective policy interventions, and robust market conduct practices.
2. Promoting Market Conduct and Consumer Protection – Safeguarding member interests through improved complaint resolution mechanisms, financial literacy initiatives, and standardized consumer protection frameworks.
3. Institutional Capacity and Digital Transformation – Enhancing the Authority's operational efficiency and regulatory effectiveness through digitisation, automation of processes, and capacity-building initiatives.
4. Stakeholder Engagement and Sector Development – Building strong partnerships with SACCOs, government agencies, financial regulators, and development partners to foster a vibrant and resilient SACCO industry.
5. Sustainability and Governance Excellence – Ensuring that SASRA operates in alignment with corporate governance principles, ethical leadership standards, and national development priorities, including the Sustainable Development Goals (SDGs).

The performance targets set out in the work plan were designed to be specific, measurable, and time-bound, providing a clear framework for tracking and evaluating institutional performance. Each target was aligned to Key Performance Indicators (KPIs), enabling the Authority to assess progress objectively against the benchmarks defined at the beginning of the review period.

The performance assessment presented in the subsequent table provides a comprehensive overview of achievements and variances in implementing the annual work plan. It not only highlights outcomes delivered but also identifies areas requiring strategic focus and resource prioritisation. This structured review ensures accountability and transparency in demonstrating how the Authority's activities contribute to its mandate, strategic objectives, and the broader goal of a stable and sustainable SACCO sector.

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
1. Financial Stability, Inclusion and member protection	To ensure all Regulated SACCOs are fully compliant with the prescribed laws and standards	All Regulated SACCOs fully compliant with the prescribed laws and standards	i. No of Saccos fully compliant with prudential requirements ii. Enhanced supervisory and regulatory system iii. Level of implementation of RBSS	i. Evaluate applications for licensing and authorization ii. Assess compliance of Regulated SACCOs iii. Initiate criminal investigations on identified/suspected criminal violations in the SACCO industry. iv. Mainstream Anti Money Laundering and Counter Financing of Terrorism Supervision in onsite Inspection processes Mainstream Anti Money Laundering and Counter Financing of Terrorism Supervision in onsite Inspection processes v. Develop internal staff capacity in specialized areas to address emerging risks. vi. Automate the RBSS Framework. vii. Continuous engagement of SACCO leadership on compliance provisions.	i. Issued licenses to 178 DT-SACCOs and authorized 177-NWDT-SACCOs to undertake SACCO Business. ii. Aggregate Core capital for DT-SACCOs stood at Kshs 181.01 billion and NWDT-SACCOs core capital stood at Kshs 16.76 billion respectively. The industry CCA for DTs was against 10% and for NWDTs was against 8% respectively. iii. Onsite- risk-based inspections undertaken on 42 Regulated SACCOs. iv. Regulatory returns were analysed during the year and performance and compliance reports issued to Regulated SACCOs. v. Staff were trained on report writing skills among other areas identified in the Training Needs Assessment. vi. Initiated seven criminal cases against criminal activities in

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
				viii. Collaborate with standard setting bodies and other partners ix. Improve integrity of data received from regulated SACCOs. x. Review the Risk Based Supervision Framework xi. Undertake Market Intelligence xii. Undertake SACCO supervisory review and planning. xiii. Review, develop and implement manuals and guidelines on corporate approvals. xiv. Undertake corrective actions on non-compliance	SACCOs where there were 18 cases under active investigations vii. Onsite inspection of two regulated Saccos to check compliance with AML/CFT/CPF was undertaken viii. Specialized skills on AML/CFT were developed through training of five (5) staff members. ix. The license renewal application and authorization renewal forms were revised. x. RBSS implementation is at 70% complete with several modules under user testing and acceptance level. xi. Participated in ICURN activities and programs during the period. xii. Continued collaboration with state actors and other entities as well as establishment of two new collaborations with RK-FINFA and KDC. xiii. The Authority continued to implement manuals and guidelines on corporate approvals.

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
					xiv. Issued administrative directives/sanctions to five (5) Saccos on various issues of non-compliance. xv. Undertook market intelligence of the SACCO industry. xvi. The Risk Based Supervisory policy was reviewed. xvii. Had three (3) engagement forums for NWDT Saccos to discuss Compliance provisions. xviii. A circular on impairment of investments in KUSCCO was issued to Regulated SACCOs.
	To regulate and enforce good governance practices in SACCOs	To ensure regulated SACCOs have good governance practices	i. No of Approved Audited financial statements ii. Implementation of M rating for Regulated Saccos iii. Reduction in the number of restricted/revoked licenses	i. Enforce Implementation of the governance guidelines ii. Conduct clinics for SACCO members, MSMEs and general public. iii. Monitor compliance with guidelines on appointment of external auditors iv. Mainstream National values and principles of good governance in the Authority's' supervisory practices.	i. Monitoring of implementation of Governance Guidelines was undertaken in the period. ii. Carried out eighteen (18) capacity building programs on corporate governances and best practices. iii. 355 SACCO Audited accounts reviewed and considered for approval to improve accountability and transparency in annual financial reporting iv. Conducted three (3) clinics for SACCO members and the

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
				v. Implement the training toolkit for SACCO board	general public to create awareness and address member issues. v. Issued list of approved external auditors for SACCOs and ensured SACCOs compliance during appointment. vi. Prepared the annual presidential report on national Values and Principles of Governance outlines the measures and progress achieved in the realization of the values and principles.
	To promote inclusion and safeguard member interests	Enhanced financial inclusivity, member interests protected	i. Reduction in member complaints received from Sacco members ii. Changes in Sacco membership iii. Changes in service delivery channels iv. Increase in deposits held by Regulated Saccos v. No of sensitization/ clinics targeting	i. Develop and implement market conduct guidelines/circulars ii. Collate and analyse data on market conduct and consumer protection trends iii. Prepare and submit quarterly reports on member complaints to the CAJ(ombudsman). iv. Review and implement complaints management framework and infrastructure.	i. Collated and analysed data on quarterly basis on consumer protection trends to inform policy changes. ii. Reports on member complaints received were submitted to the CAJ (Ombudsman). iii. Continued to implement the Market conduct inspection tool to monitor compliance with market conduct and consumer protection guidelines.

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
			Sacco members/public vi. Increase in credit portfolio of Regulated Saccos	v. Undertake sensitization on financial literacy. vi. Collaborate with stakeholders involved in financial literacy. vii. Undertake corrective actions on non-compliance	iv. Revised the complaints handling policy and procedures manual for internal use. v. Collaborated with UFAA (Unclaimed Financial Assets Authority) to undertake three clinics in Nairobi, Kisii and Meru respectively. vi. Issued Five (5) supervisory enforcement and administrative directives to redress im-prudent financial practices which threaten the safety of members funds. vii. Revoked two (2) DT-SACCOs from operating SACCO business in Kenya.
2. **Promotion & Development of the Sacco Industry**	To strengthen research, policy and legal framework	Strong research policy and legal framework	i. No of policy changes informed by research findings ii. No of policy proposals to the GOK on Sacco Industry iii. Annual SACCO supervision report	i. Collaborate with stakeholders involved in policy formulation ii. Prepare and disseminate Sacco Supervision Report in accordance with Section 22 of the SSA iii. Prepare and contribute to the Financial Stability Report.	i. The Authority continues to collaborate with parent ministry and other relevant Authorities/ institutions in policy formulation. ii. The Annual supervision report for 2023 was developed and disseminated. iii. The Authority participated in the preparation of financial

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
			iv. Financial Sector Stability Report (FSSR)	iv. Prepare and publish quarterly Sacco financial soundness and sectoral financing report. v. Operationalize Sacco Central and CLF vi. Conduct demographic research for members patronizing services in SACCO industry vii. Review and follow up amendments on the legal framework for the DGF viii. Undertake a survey to establish the extent of adoption of Green finance/ blue economy. ix. Sensitize staff on green finance/blue economy x. Develop and implement a prudential and regulation framework for non-regulates SACCOs and housing and investment cooperatives	stability reports in collaboration with JFSR. iv. 182-SACCOs sensitized on digital finance services, Internal and external audit functions, market conduct and complaints management as well as preparation of audited financial statements. v. Cabinet approval for the establishment of CLF was granted. vi. The Authority continued to offer secretarial services to Sacco central. vii. Cabinet approval for the establishment of DGF was granted. viii. Staff were sensitized on green finance/blue economy in collaboration with AFI. ix. Undertook a survey to establish the extent of adoption of green finance/blue economy practices by regulated Saccos. x. Commissioned a demographic survey of the Regulated Saccos.

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
	To deepen strategic partnerships and collaborations	Partnerships and collaborations deepened	No of collaborations established/Maintained	i. Establish new collaborations ii. Maintain existing collaborations.	i. Established two (2) new collaborations with KDC and R K-FINFA. ii. Continued to maintain existing collaborations
3. Organizational Capability	To attract, develop and retain competent staff	Competent staff	i. Levels of productivity ii. New innovations iii. Changes in staffing levels	iv. Review and implement staffing plan v. Conduct Training Needs Assessment (TNA) vi. Develop and implement training plan vii. Develop, review and implement human resource instruments viii. Implement Performance management system. ix. Implement employee assistance programs	i. The Authority implemented the approved staffing plan. ii. The HR instruments were continuously implemented iii. Training needs were identified. iv. Training plan developed and Staff were trained on different thematic areas. v. Seven (7) new staff members were employed. vi. Staff performance appraisal was undertaken on quarterly basis. vii. Productivity improvement strategy was developed and implemented. viii. Continued to implement employee assistance programs and activities.
	To increase Authority's revenue and prudently	Increased revenue	i. Increased revenue ii. Percentage Change in budget performance	i. Enforce compliance on levies and fees for Regulated SACCOs	i. Total revenue marginally increased in the review period. ii. Compliance with levies was enforced.

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
	manage resources	Resources managed prudently	iii. Percentage reduction in cost of key consumables, fleet and utilities	ii. Engage Government Agencies and strategic partners for additional funding. iii. Sustain program-based budgets iv. Compliance with budget allocations v. Develop and implement procurement /disposal plan vi. Maintain and update corporate assets register	iii. Engaged donors to explore funding of strategic programs. iv. Program based budgets continuously implemented by the Authority v. The asset register is maintained and up to date. vi. The Authority continued to comply with the budgetary allocations approved by the NT. vii. An annual procurement plan was developed and implemented.
	To strengthen internal control systems and processes for efficient service delivery	Effective internal systems and processes	i. No of staff trained on BPR ii. No of processes re-engineered iii. ICT capability assessment report iv. Customer satisfaction survey report Reviewed service charter	i. Re-engineer identified business processes ii. Develop and implement ICT strategy iii. Implement service charter iv. Review and implement internal control system Monitor customer experience	i. Supervision processes were re-engineered ii. ICT strategy was developed. iii. The service charter was continuously implemented iv. Internal control systems for identified process were reviewed as per the internal audit plan. The Authority continuously monitors customer experience.
	To strengthen good corporate	Capacity development	i. Number of governance audit reports	i. Review and implement Board governance instruments	i. Board charter and governance instruments were continuously implemented

Key Result Area	Strategic Objective	Objective Outcome	Key Performance Indicators	Activities	Achievements
	governance practices		ii. Change in Board performance rating iii. Level of compliance with national values and principles of good governance iv. Level of compliance with IPPF standards	ii. Board performance Evaluation iii. Review internal audit instruments iv. Develop, implement and review communication strategy v. Update corporate risk registers	ii. Undertook annual Board performance evaluation facilitated by SCAC iii. Internal audit charter was reviewed iv. The communication strategy was redeveloped and disseminated for implementation. The corporate risk register was reviewed and updated.

8. Corporate Governance Statement

The Authority is committed to ensuring compliance with the principles of corporate governance as enshrined in the Constitution of Kenya 2010, the State Corporations Act, Cap 446, The Sacco Societies Act and the Mwongozo Code of Conduct. The Board of Directors who are responsible for the governance of the Authority, conducted its operations in adherence to the principles of Corporate Governance such as transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship.

The Authority shall continuously assess its governance operating model to ensure that robust internal governing systems and practices are in place to support the Board and Management to deliver on its mandate.

BOARD CHARTER

Our Board Charter is a policy document that clearly defines the composition of the Board, respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) in setting the strategic direction of the Authority. This ensures effectiveness of each Director's contribution in the governance of the Authority by facilitating independent judgement, decision making and professional competencies. The Board of Directors commitment is derived through signing an undertaking to comply with the Board charter in execution of its mandate.

ROLES AND FUNCTIONS OF THE BOARD

The roles and functions of the Board are stated in the Sacco Societies Act Cap 490B and the Board Charter as follows:

a) Determining the Authority's mission, vision, purpose and core values;
b) Setting and overseeing the overall strategy and approving significant policies of the Authority;
c) Ensuring that the strategy is aligned with the purpose of the Authority and the legitimate interests and expectations of its stakeholders;
d) Ensuring that the strategy of the Authority is aligned to the long-term goals of the Authority on sustainability;
e) Reviewing, monitoring and ensuring that the Authority is effectively and consistently delivering on its mandate;
f) Reviewing periodically the Authority's strategic objectives and policies relating to sustainability and social responsibility;
g) Reviewing, evaluating and approving the Authority's budget and financial forecast;
h) Monitoring the Authority's performance and ensuring sustainability;
i) Reviewing, evaluating and approving major resource allocations and capital investment;
j) Ensuring availability of adequate resources for the achievement of the Authority's

objectives;

k) Ensuring that the procurement process is cost-effective and delivers value for money;
l) Ensuring effective, accurate, timely and transparent disclosure to stakeholders of pertinent information on the organization's operations and performance;
m) Hiring the Chief Executive Officer on such terms and conditions of service as may be approved and approving the appointment of senior management staff;
n) Ensuring effective communication with stakeholders;
o) Adopting, implementing and monitoring compliance with the Authority's Board Charter and Code of Conduct and Ethics and related policies;
p) Reviewing, evaluating and approving the overall organizational structure;
q) Reviewing, evaluating and approving the remuneration structure of the Authority;
r) Reviewing on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
s) Enhancing the Authority's public image;
t) Monitoring compliance with the Constitution, all applicable laws, regulations and standards;
u) Developing a succession plan for itself and the Chief Executive Officer;
v) Ensuring adequate systems and processes of accountability, risk management and internal controls are implemented;
w) Determining the appropriate committee structure, reviewing the same periodically and determining the Terms of Reference for Board committees; and
x) Making appointments and changes in the composition and leadership of such Committees.

BOARD MEETINGS

The Board conducts its meetings in accordance with the Sacco Societies Act Cap 490B and as guided by Executive Order No. 7 Code of Governance for State Corporations, Mwongozo and circulars issued by the National Government from time to time and its charter. The Board operates under a work plan (almanac) approved by the Board before commencement of every financial year to ensure that adequate notice, agenda and Board papers are circulated within the stipulated timelines. The Board meets quarterly or additionally when necessary to consider matters relating to the overall control of the business. Cumulatively 8 Full Board meetings were held, out of which four (4) were Special Full Board Meetings.

The Authority's Board held 8 Full Board meetings attended as follows:-

NO	NAME	ATTENDANCE
1.	Hon. Jackton Ranguma	8
2.	Mr. Methuselah Rono	8

3.	Ms. Freda Moraa	8
4.	Mr. George Maina	3
5.	Ms. Alice Mwololo	8
6.	Ms. Cynthia Lekolool	4
7.	Mr. David Obonyo	4
8.	Mr. Timothy Kihara	4
9.	Mr. Gerald Nyaoma	3

BOARD COMMITTEES

To ensure efficiency and effectiveness in executing its mandate of providing strategic direction, the Board pursuant to Section 8 of the Sacco Societies Act Cap 490B established Committees to perform delegated responsibilities that require detailed consideration. The Committees are constituted based on Board Members individual professional skills and experience and are chaired by independent directors. Each Committee of the Board operates under its Terms of Reference. In the fiscal year under review the Board reconstituted the Committee membership on 24th October, 2024 in line with the Circular by the Head of Public Service *Ref. No. OP/CAB.9/1A* dated 11th March, 2020 which requires membership of Board Committees to be rotated after a continuous period of twelve (12) months and to also include the newly appointed Board Members as follows:

1. TECHNICAL COMMITTEE

The Technical Committee is responsible for considering technical and policy matters focused on the core mandate of the Authority. It's charged with the responsibility of ensuring there are appropriate policies and procedures to support operational activities and supervision by the Authority of its Regulated entities in line with the Authority's long-term strategy and to ensure that the Authority keeps abreast with best practices in the regulation of the Sacco industry

Members of the Technical Committee

a) Mr. Methuselah Rono – Chairman *from 24th October, 2024*
b) Ms. Freda Moraa
c) Mr. George Maina *from 17th January, 2025*
d) Ms. Cynthia Lekolool *from 18th October, 2024*
e) Mr. Timothy Kihara *upto 16th January, 2025*
f) Mr. Gerald Nyaoma *upto 7th October, 2024*

Attendance

In executing its mandate, the Technical Committee held four (4) meetings attended as follows:-

NO	NAME	ATTENDANCE
1.	Mr. Methuselah Rono	4
2.	Ms. Freda Moraa	3
3.	Mr. George Maina	1
4.	Ms. Cynthia Lekolool	2
5.	Mr. Timothy Kihara	3
6.	Mr. Gerald Nyaoma	1

2. CORPORATE SERVICES COMMITTEE

The Corporate Services Committee assists the Board in the fulfilment of its mandate through consideration and recommendations to the Board all matters relating to organizational capabilities to deliver on its core mandate. The Committee ensures organizational sustainability in all aspects and introduces robust monitoring mechanisms for procurement, financial management, and ICT projects to mitigate risks and ensure timely intervention in case of deviations from planned objectives.

Members of the Corporate Services Committee

a) Mr. George Maina – Chairman – *from 17th January, 2025*
b) Mr. Methuselah Rono
c) Ms. Alice Mwololo
d) Mr. David Obonyo
e) Ms. Freda Moraa *upto 24th October, 2024.*
f) Mr. Timothy Kihara *upto 16th January, 2025*

Attendance

In executing its mandate, the Corporate Services Committee held twelve (12) meetings out of which eight (8) were Special Meetings attended as follows:-

NO	NAME	ATTENDANCE
1.	Mr. George Maina	7
2.	Mr. Methuselah Rono	12
3.	Ms. Alice Mwololo	6
4.	Mr. David Obonyo	3
5.	Ms. Freda Moraa	2
6.	Ms. Cynthia Lekolool (coopted)	7
7.	Timothy Kihara	1

3. AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Audit and Corporate Governance Committee assist the Board in fulfilling its oversight responsibilities with regard to the audit and corporate governance functions of the Authority. Overall scope of the Committee is to provide oversight of the financial reporting process, the institutions system of internal controls and compliance with laws and regulations.

Members of the Audit and Corporate Governance Committee

a) Ms. Freda Moraa – Chairperson *from 24th October, 2024*
b) Mr. David Obonyo
c) Ms. Alice Mwololo
d) Ms. Cynthia Lekolool *from 18th October, 2024*
e) Mr. Timothy Kihara upto *24th October, 2024*
f) Mr. Gerald Nyaoma *upto 7th October, 2025*

Attendance

In executing its mandate, the Audit and Corporate Governance Committee held four (4) meetings attended as follows:-

NO	NAME	ATTENDANCE
1.	Ms. Freda Moraa	2
2.	Ms. Alice Mwololo	4
3.	Mr. David Obonyo	4
4.	Ms. Cynthia Lekolool	2
5.	Mr. Timothy Kihara	2
6.	Mr. Gerald Nyaoma	1

BOARD APPOINTMENT AND TENURE

a) Appointment of Board Members

The Board of the Authority are appointed by Gazette Notice pursuant to Section 6 of the Sacco Societies Act Cap 490B. The Cabinet Secretary appoints the Chairman and the three (3) independent Board members. In addition, the Board is comprised of three institutional representatives from the Central Bank of Kenya, The National Treasury and the Commissioner of Cooperatives. The skills mix is observed to enhance diversity within the Board. During the fiscal year under review, there were two (2) newly appointed Board Members.

b) Tenure of Board Members

The Board members hold office for a term of three years and are eligible for re-appointment for one more term.

c) Removal of Board Members

The Sacco Societies Act Cap 490B provides for the removal process and circumstances under which a board member may be removed from office. These include:

i) if a member accepts any office the holding of which, if he were not a member of the Board, would make him ineligible for appointment to the office of a member of the Board;
ii) fails to discharge the functions of his office whether arising from infirmity of body or mind or any other cause;
iii) conducts himself in a manner not befitting a member of the Board;
iv) becomes subject to any disqualification as they are prohibited from being a director or to take part in the management of a cooperative or financial institution by the Commissioner under the Co-operative Societies Act.

A member of the Board may also on his/her own accord resign from office by giving a fourteen days' notice to the Cabinet Secretary with a copy to the Chairman.

BOARD RETREATS

The Board during the period under review held two retreats to consider strategic and policy papers. The Board Retreats generally provide the Board with an opportunity to interact with critical documents which would hitherto not be conclusively dealt with in a Board meeting setup and forms part of internal stakeholders' engagement processes. This process has been practiced for over seven years now and enhances efficiency at Board meetings. The Board during the retreats considered the following Strategic and Policy Papers:

a) Data Protection and Privacy Policy
b) Corporate Social Responsibility and Investment Policy
c) Revised Confidentiality Policy
d) Revised Whistleblower Policy
e) Revised Conflict of Interest Policy
f) Legal Policy and Procedures Manual
g) Diversity and Inclusion Policy
h) Records Management Policy
i) Internal Audit Strategic Plan
j) Digitalization Strategy
k) Sacco Supervision Report 2024
l) Human Resource Transition Plan

BOARD CAPACITY DEVELOPMENT

a) Board Induction

Upon appointment to the Board, the Directors are provided with a comprehensively tailored induction programme covering the Authority's operations and regulatory framework. The Authority has in place a comprehensive Board Induction Procedures

Manual. The Manual ensures that all newly appointed members participate in a rigorous induction programme. The induction process includes meetings with other board members, Management and all staff. It involves being taken through the mandate of the Authority, their responsibilities as Board members, status of the institution, general principles of governance and Board practices. During the year under review, there were two new appointments and preliminary inductions carried out on 14th January, 2025 and 30th January, 2025.

b) Board Development

The Board Members are appointed to the Board based on the skills they hold and are expected to build capacity on the skills required to effectively and efficiently carry out their mandate. Annual Board development plan is therefore prepared and implemented each year to ensure the Board is kept up to date with emerging industry and governance trends both locally and internationally. The Board attended the following trainings and workshops during 2024/2025 financial year which enhanced their knowledge in the industry and governance trends:

No.	Name Of Training	Training Institution	Dates	Attendees
1.	International Credit Union Regulators' Network Conference, 2024	International Credit Union Regulators' Network	17th – 19th July, 2024	• Hon. Jackton Ranguma • Mr. Methuselah Rono • Ms. Freda Moraa • Ms. Alice Mwololo • Mr. Timothy Kihara • Mr. Gerald Nyaoma • Mr. David Obonyo
2.	Training for Regulatory Authorities and Agencies	Head of Public Service and Chief of Staff	16th -18th September, 2024 and 23rd – 25th September, 2024	• Hon. Jackton Ranguma • Mr. Methuselah Rono • Ms. Freda Moraa • Mr. Timothy Kihara
3.	The Savings and Credit Cooperatives Associations (SACCA) Congress	African Confederation of Cooperative Savings and Credit Associations (ACCOSCA)	8th – 11th October, 2024	• Hon. Jackton Ranguma • Mr. Methuselah Rono • Ms. Freda Moraa • Mr. Timothy Kihara
4.	Board Audit Masterclass	The Institute of Certified Public Accountants of Kenya (ICPAK)	24th – 28th February, 2025	• Hon. Jackton Ranguma • Ms. Freda Moraa
5.	Board Leadership in Risk Oversight and Mitigation: Effective Risk Mitigation	Capabuil	4th – 6th March, 2025	• Hon Jackton Ranguma • Ms. Freda Moraa • Mr. Methuselah Rono

	Strategies, navigating uncertainties, enhancing decision making and resilience			• Ms. Alice Mwololo • Ms. Cynthia Lekolool • Mr. David Obonyo
6.	Finance and Human Resource Committee Masterclass	Institute of Corporate Governance	10th – 14th March, 2025	Mr. Methuselah Rono
7.	Board and Senior Managers Training on Effective Meetings	Institute of Certified Secretaries	16th – 20th June, 2025	• Hon Jackton Ranguma • Ms. Freda Moraa
8.	Governance and Resource Mobilization Training	Institute of Certified Secretaries	23rd – 27th June, 2025	Mr. David Obonyo
9.	Corporate Governance Mastery Course	Centre for Corporate Governance (CCG)	23rd – 27th June, 2025	• Ms. Freda Moraa • Mr. Methuselah Rono • Mr. George Maina

BOARD PERFORMANCE EVALUATION

The Board has in place a Board Charter that guides its operations and on an annual basis, sets performance targets through the work plan. The Board Performance Evaluation is conducted annually to assess the performance of the Board. It assesses effectiveness on the oversight role of the Board, execution of its duties and performance as outlined but not limited to the Board Charter. The State Corporations Advisory Committee (SCAC) facilitates an objective performance evaluation of the Board every year. The Board reviews its performance and that of the Chairperson, individual directors, the Chief Executive Officer, the Corporation Secretary and the Manager Internal Audit every year in compliance with the Mwongozo Code of Governance. The 2023/2024 Board Performance Evaluation was carried out on 26th July, 2024 and was virtually facilitated by State Corporations Advisory Committee (SCAC). The Board attained an overall score of 96.46% during the 2023/2024 Board performance evaluation. The Board Evaluation for the 2024/2025 Financial Year shall be carried out on 25th August, 2025 conducted by the State Corporations Advisory Committee (SCAC).

CONFLICT OF INTEREST

The Board is bound by good corporate governance practices and are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. The Board maintains a conflict-of-interest register which is available at every Board meeting for declaration of any interest on the agenda items of the meeting. The Board members further declare existence of any interests at the time of appointment and commit not to be in a position where personal interest conflict with those of official duty of the Authority. The Board has also put in place a Conflict-of-Interest Policy which was reviewed during the fiscal year under review. No interests were declared or reported during the 2024/2025 financial year.

REMUNERATION OF BOARD MEMBERS

The Board of the Authority is remunerated in accordance with the Guidelines on Terms and Conditions of Service for State Corporations' CEOs, Chairmen, Board Members, Management and Unionisable Staff issued on 23rd November, 2004 and further guidance issued vide circular Ref. No. OP/CAB.17/34A by the Chief of Staff and Head of Public Service on payment of allowance to Chairmen and Board Members of State Corporations. The regular allowances for the Board are as follows:

Table: Remuneration Rates of the Board members.

No.	Allowance	Chairman	Board Members
1.	Honoraria	Kshs. 80,000 per month	n/a
2.	Sitting Allowance	Kshs. 20,000 per meeting	Kshs. 20,000 per meeting
3.	Lunch Allowance	Kshs. 2,000 per meeting day	Kshs. 2,000 per meeting day
4.	Airtime (Mobile)	Kshs. 5,000 per month	n/a
6.	Accommodation	Kshs. 18,200 per Night out	Kshs. 18,200 per Night out
7.	Transport	Paid at the current prevailing Automobile Association (AA) of Kenya rates	Paid at the current prevailing Automobile Association (AA) of Kenya rates
8.	GPA	Covered under the Authority's GPA Cover	Covered under the Authority's GPA Cover
9	Medical	Inpatient Kshs: 2 million Outpatient Kshs. 100,000 Last Expense Kshs. 100,000	Inpatient Kshs: 2 million Outpatient Kshs. 100,000 Last Expense Kshs. 100,000

ETHICS AND CONDUCT GOVERNANCE ASSESSMENT

The Authority has in place various Policies which each Board member on appointment signs commitment to abide by during their tenure. During the year under review, the Authority initiated the review and approval of the Board Code of Conduct and Ethics, Confidentiality Policy, Whistleblower Policy, Gifts Policy and Communication and Stakeholder Engagement Policy to align them with the latest governance trends.

CODE OF ETHICS AND CONDUCT

The Board is committed to ensuring high standards of integrity and professionalism. In setting the right tone, the Board has signed a Code of Conduct and declares areas of conflict of interest in agenda items for discussion in a meeting. Staff have also signed a Code of Ethics and are expected to maintain high standards of integrity and display exemplary behaviour in upholding ethical values.

WHISTLE BLOWER POLICY

The Authority has put in place a Whistle Blower Policy. The policy provides an avenue for staff and stakeholders to report on malpractices while maintaining their anonymity.

COMMUNICATION POLICY AND STAKEHOLDER ENGAGEMENT

The Authority has in place a Communication and Stakeholder Engagement Policy to guide structured communication that is open, timely, clear, factual, accurate, consistent and balanced between the Authority and its stakeholders. In order to ensure effective regulation and delivery of its mandate, the Authority continuously engages stakeholders through public consultation on various Regulatory Initiatives. During the year under review, the Board approved the Communications and Stakeholder Engagement Strategy which aims to ensure that the Authority effectively engages and communicates with all stakeholders, ensuring that the Authority's efforts toward regulation, supervision and development of the SACCO industry are clearly understood, supported, and enhanced through transparent, timely, and impactful messaging. The key stakeholders included the Board of Directors, Internal Staff, Government, Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development, Media, The National Treasury and Economic Planning, Central Bank of Kenya, other Financial Sector Regulators, Regulated SACCOs, the Judiciary, The National Police Service, the National Assembly, the Senate, Sacco Members and the General Public. The Authority further during the 2nd Regulatory Authorities and Agencies Conference held in Eldoret from 28th – 30th April, 2025 organized by the Head of Public Service delivered a presentation on the *"Adaptive Approach"* to Board Chairs, Board Committees, CEOs, Corporation Secretaries, and Heads of Internal Audit, aimed at optimizing the achievement of regulatory mandates.

LEGAL AND COMPLIANCE AUDIT

Legal audit process is a systematic, objective and impartial examination of the processes, policies, documentation and practices to assess the legal requirements that an entity needs to adhere to and evaluate the level of compliance with the entire legal and regulatory framework that the entity is subject to. The legal audit provides recommendations for aligning operations, policies and processes with the legal requirements, thus enabling the entity to more effectively discharge its mandate and strategic objectives.

The Board pursuant to Executive Order No. 7 Code of Governance for State Corporations (Mwongozo), Article 8.4 is required to disclose the extent of compliance with Laws, Regulations and Standards. It is required that a comprehensive and independent legal audit should be carried out, at least every two years by an external consultant.

During the financial year under review, an internal assessment of the Authority's legal compliance was carried out internally.

GOVERNANCE AUDIT

A Governance Audit was not undertaken during the financial year under review.

SUCCESSION PLANNING

Board members of the Authority are appointed at different times pursuant to Section 6(3) of the Sacco Societies Act, Cap 490B to ensure the respective expiry dates of their terms

fall at different times to ensure continuity in the Board. The staggered appointments of the Board members was as illustrated below:

Table: Succession Planning of the Board members.

NAME	DATE OF APPOINTMENT	DATE OF EXPIRY
Hon. Jack Ranguma	W.e.f 10th February, 2023	9th February, 2026
Ms. Freda Moraa	W.e.f 23rd June, 2023	22nd June, 2026
Mr. Methuselah Rono	W.e.f 16th June, 2023	15th June, 2026
Mr. George Maina	W.e.f 17th January, 2025	16th January, 2028
Ms. Alice Mwololo	W.e.f 14th October, 2015	30th June, 2025
Ms. Cynthia Lekolool	W.e.f 18th October, 2024	17th October, 2027
Mr. David Obonyo	W.e.f 17th June, 2021	4th October, 2026

9. Management Discussion and Analysis

9.1 Economic Outlook

The economy is expected to experience steady growth, supported by key sectors including agriculture, manufacturing, and services. The positive economic trajectory is underpinned by favourable weather conditions, enhanced productivity initiatives by the government, and increased domestic consumption. Savings and Credit Cooperative Societies (SACCOs) are anticipated to play an important role in socio-economic development by offering accessible and affordable savings and credit products.

Inflation presented a significant challenge in 2024, initially peaking at 6.3% in the first quarter, before easing notably to 2.8% by the end of the year. Despite this decline, inflationary pressures continued to affect the cost of living through rising prices of essential commodities such as food, fuel, transportation, and housing. Higher inflation reduced households' disposable income, limiting their capacity to save and invest. Consequently, many households allocated larger portions of their income to immediate expenses, reducing discretionary spending and long-term financial planning.

Government interventions, including monetary policy adjustments, subsidies for essential commodities, and improved agricultural productivity, have been instrumental in stabilising inflation and easing the burden on households. With inflation expected to stabilise around 6.5% in the coming year, households may see an improvement in disposable income, encouraging increased savings and investment activities beneficial to regulated SACCOs.

The Fiscal policy remains focused on balancing economic growth with debt sustainability, given the public debt stands at 67.3% of GDP. The government has intensified efforts to improve revenue collection, rationalise expenditures, and prioritise investments in critical sectors like health, education, and infrastructure. Regulated SACCOs, however, may experience indirect challenges due to increased government borrowing and fiscal adjustments affecting liquidity and credit demand.

Infrastructure investment remains central to the economic growth strategy, with significant projects across roads, railways, energy, and ICT. Public-private partnerships are increasingly encouraged to mobilise resources, creating opportunities for regulated SACCO involvement in financing related projects and activities.

The economy is also susceptible to external influences, including geopolitical tensions, international trade policy shifts, and currency fluctuations. Nevertheless, the relative stability of the shilling against major currencies throughout 2024 has reduced risks for regulated SACCOs involved in foreign transactions, although vigilance remains necessary due to potential external shocks. Integration into regional and global trade networks

continues to present opportunities, while variability in donor funding may present challenges.

Interest rates have also trended downward, largely driven by reductions in the Central Bank of Kenya's base lending rate. This has lowered borrowing costs for regulated SACCOs and other financial institutions, a trend expected to continue into 2025, easing costs associated with external borrowing.

Favourable weather conditions in 2024 significantly boosted agricultural productivity, benefiting agriculture-oriented SACCOs through increased lending and loan repayments. However, these gains remain vulnerable to adverse climate events, emphasising the importance of climate risk management for regulated SACCOs.

Globally, changes in donor funding and geopolitical tensions present ongoing risks. Regulated SACCOs dependent on externally funded projects need to adopt adaptive strategies to mitigate these uncertainties effectively.

Looking forward, the continued reduction in inflation and favourable interest rates anticipated in 2025 provide a positive economic outlook. This environment is expected to promote savings, enhance economic stability, and boost regulated SACCO performance. However, external shocks and climate variability remain key considerations requiring continuous monitoring and adaptation.

9.2 Contribution of Regulated SACCOs to the Domestic's Economy

Regulated SACCOs remain critical to our socio-economic landscape by driving financial inclusion, especially for underserved populations. They significantly mobilise savings, reinvesting member deposits into productive economic activities such as small businesses, education, agriculture, and housing projects.

By offering affordable loans, SACCOs directly stimulate job creation, economic empowerment, and rural development. Agriculture-based SACCOs have a notable impact by providing essential financial support to farmers, boosting food security and rural livelihoods. Regulated SACCOs also generate employment directly through their operations and indirectly via financed sectors.

Incorporating modern financial technologies like mobile money and digital platforms, regulated SACCOs enhance accessibility and operational efficiency. Additionally, their investments in community development projects such as hospitals, schools, and infrastructure significantly improve community welfare and quality of life.

Through tax contributions and regulatory fees, regulated SACCOs generate substantial government revenue, further reinforcing public service delivery and national

development. Their financial resilience, marked by increased capital reserves, enables them to withstand economic shocks, thereby sustaining economic stability during challenging periods.

Overall, regulated SACCOs contribute actively to an inclusive economic growth, economic stability, and resilience, thereby empowering communities, fostering sustainable development, and ensuring broad-based economic benefits.

9.3 Overview of the Regulated SACCO Industry

Continued regulatory, supervisory and market development initiatives have supported growth in key financial and performance indicators namely membership, total assets, gross loans, total deposits, total incomes and core capital. Significant growth was recorded in retained earnings at 21.69% as regulated SACCOs continue to build capital supported by internally generated reserves. Core capital being a function of members shares contribution and retained earnings recorded second highest growth at 17.68%.

These are critical pillars for absorbing business losses, lays foundation for future growth and ensures compliance with legal and regulatory requirements. Subsequently, they foster stability in the market and enhance members' confidence while dealing with the regulated SACCOs.

An informative analysis highlighting the regulated SACCOs sector financial and performance for the year ended are as provided in *Table 1* below;

Table1: Key Financial and Performance Indicators

Key Financial and Performance Indicators										
FINANCIALS	CLUSTER	KSHS BILLIONS (*Where Applicable*)					YEAR TO YEAR CHANGES			
	YEAR	2024	2023	2022	2021	2020	2023/24	2022/23	2021/22	2020/21
MEMBERSHIP	DT-SACCOS	6,870,752	6,317,531	5,945,221	5,538,789	5,470,492	8.76%	6.26%	7.34%	1.25%
	NWDT-SACCOS	514,671	524,776	475,270	460,785	352,681	-1.93%	10.42%	3.14%	30.65%
	TOTALS	**7,385,423**	**6,842,307**	**6,420,491**	**5,999,574**	**5,823,173**	**7.94%**	**6.57%**	**7.02%**	**3.03%**
TOTAL ASSETS	DT-SACCOS	944.86	832.89	763.50	691.09	627.68	13.44%	9.09%	10.48%	10.10%
	NWDT-SACCOS	131.29	139.06	126.80	116.02	106.54	-5.59%	9.67%	9.29%	8.90%
	TOTALS	**1076.15**	**971.96**	**890.30**	**807.11**	**734.22**	**10.72%**	**9.17%**	**10.31%**	**9.93%**
TOTAL DEPOSITS	DT-SACCOS	649.32	575.19	522.59	474.25	431.46	12.89%	10.07%	10.19%	9.92%
	NWDT-SACCOS	100.11	107.00	97.86	90.64	83.00	-6.44%	9.34%	7.97%	9.20%
	TOTALS	**749.43**	**682.19**	**620.45**	**564.89**	**514.46**	**9.86%**	**9.95%**	**9.84%**	**9.80%**
GROSS LOANS	DT-SACCOS	744.36	652.27	586.16	522.25	474.77	14.12%	11.28%	12.24%	10.00%
	NWDT-SACCOS	100.75	106.30	94.19	86.5	80.28	-5.22%	12.86%	8.89%	7.75%
	TOTALS	**845.11**	**758.57**	**680.35**	**608.75**	**555.05**	**11.41%**	**11.50%**	**11.76%**	**9.67%**
ALLOWANCE FOR LOAN LOSS	DT-SACCOS	52.31	49.11	36.95	34.05	24.19	6.52%	32.91%	8.52%	40.76%
	NWDT-SACCOS	3.38	3.24	2.68	2.02	0.86	4.32%	20.90%	32.67%	134.88%
	TOTALS	**55.69**	**52.35**	**39.64**	**36.07**	**25.05**	**6.38%**	**32.06%**	**9.90%**	**43.99%**
NET LOANS & ADVANCES	DT-SACCOS	692.05	603.15	549.2	488.2	450.58	14.74%	9.82%	12.49%	8.35%
	NWDT-SACCOS	97.37	103.06	91.51	84.48	79.42	-5.52%	12.62%	8.32%	6.37%
	TOTALS	**789.42**	**706.21**	**640.72**	**572.68**	**530**	**11.78%**	**10.22%**	**11.88%**	**8.05%**
CAPITAL RESERVES (INCLUDING RETAINED EARNINGS)	DT-SACCOS	181.01	151.41	143.35	125.5	115.28	19.55%	5.62%	14.22%	8.87%
	NWDT-SACCOS	16.76	16.64	13.82	11.44	9.44	0.72%	20.41%	20.80%	21.19%
	TOTALS	**197.77**	**168.05**	**157.17**	**136.93**	**124.73**	**17.69%**	**6.92%**	**14.78%**	**9.78%**
RETAINED EARNINGS	DT-SACCOs	47.63	38.63	39.36	34.56	35.59	23.30%	-1.85%	13.89%	-2.89%
	NWDT-SACCOs	5.04	4.64	3.96	3.16	2.40	8.62%	17.17%	25.32%	31.67%
	Totals	**52.67**	**43.28**	**43.32**	**37.73**	**37.99**	**21.70%**	**-0.09%**	**14.82%**	**-0.68%**
Source: SACCO Supervision Annual Report 2024										

9.3.1 Aggregate Financial Performance

Total assets for regulated SACCOs grew from Kshs. 971.96 billion reported in 2023 to Kshs 1.08 trillion in 2024. This represents a growth of 10.72% driven by facilitation of credit and other loan products which constituted 73.36% net of loan impairment losses.

Facilitation of loans and other advances increased from Kshs 758.57 in 2023 to Kshs 845.11 billion in 2024 representing growth of 11.41%. The growth rate compares favourably with 2023 when reported rate translated 11.50% representing stability in the sector. On the other hand, the computed loans to deposits ratio translated to 112.77 in 2024 from 111.20% reported in 2023. This indicates that demand for loans grew at a higher rate than mobilization of savings to fund the same. The funding gap was acquired from existing reserves and external borrowings.

The regulated SACCOs have continued to recognize loan impairment losses which amounted to Kshs 55.69 billion from Kshs 52.35 billion recorded in 2023. This translated to an increase of 6.38%. However, the growth rate recorded was a decline from 32.06% reported during the year 2022/23. Hence, the growth in loan provisioning was at a declining rate.

9.3.2 Risk Classification of Assets and Provisioning

Regulated SACCOs reported non-performing loans (NPL) at 8.39% in 2024 compared to an NPL ratio of 8.45% in 2023. The NWDT-SACCOs segment had a relatively better NPL ratio at 7.07% in 2024 compared to an NPL ratio of 7.12% in 2023; while the DT-SACCOs segment recorded an NPL ratio of 8.56% in 2024 compared to an NPL ratio of 8.66% in 2023. The *Table 2* below is a comparative summary of regulated SACCOs risk classification of assets and provisioning for the years 2023 and 2024.

Table 2: Consolidated Risk Classification of Assets and Provisioning Returns

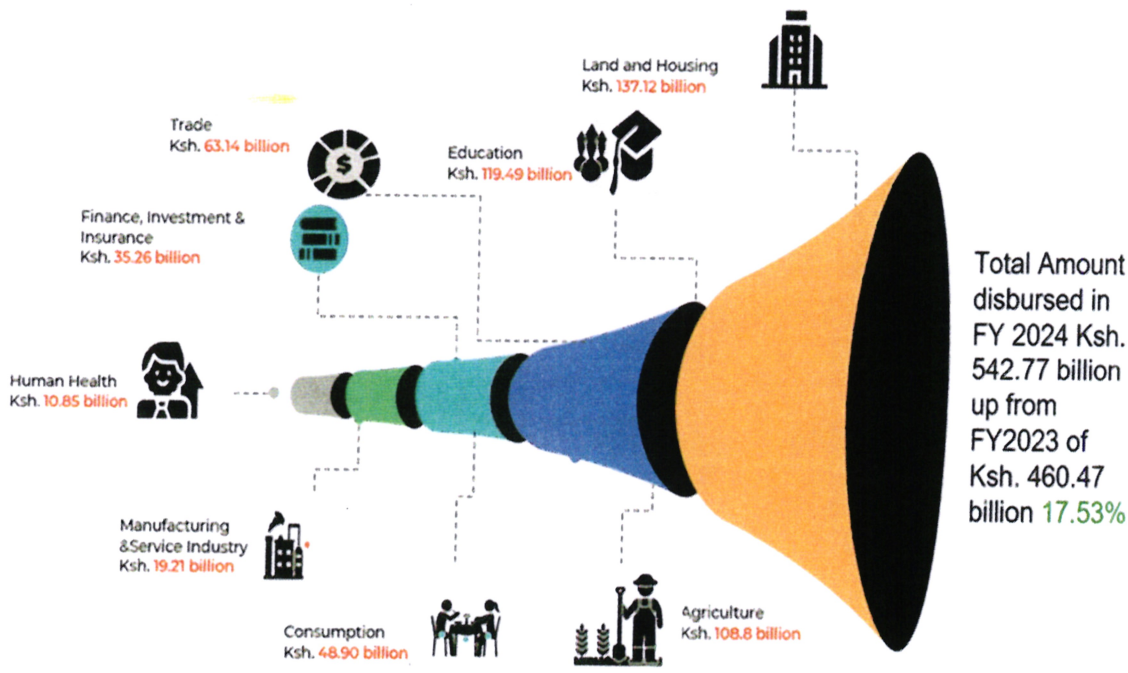
Consolidated Risk Classification of Assets and Provisioning Return										
CLASSIFICATION OF LOANS	PROVISIONING RATE	2024			2023			2022		
		DT-SACCOS	NW DT-SACCOS	TOTAL	DT-SACCOS	NW DT-SACCOS	TOTAL	DT-SACCOS	NW DT-SACCOS	TOTAL
Performing (as per contract)	1%	645.66	87.17	732.83	561.99	92.89	654.87	508.2	81.03	589.23
Watch (1-30 days)	5%	34.95	6.46	41.41	33.79	5.84	39.63	28.72	5.63	34.36
Substandard (31-180 days)	25%	18.78	3.63	22.41	15.76	4.03	19.79	18.57	3.77	22.33
Doubtful (181-360 days)	50%	8.45	1.25	9.70	6.86	1.05	7.92	10.20	1.24	11.44
Loss (Over 360 days)	100%	36.52	2.24	38.76	33.87	2.49	36.35	20.47	2.51	22.98
Grand Totals		**744.36**	**100.75**	**845.11**	**652.27**	**106.3**	**758.57**	**586.16**	**94.19**	**680.35**
NPL Amount (Billions)		63.75	7.13	70.88	56.49	7.57	64.06	49.24	7.52	56.76
Provision Amount (Billions)		53.64	4.97	58.61	48.55	5.24	53.79	36.73	5.17	41.9
Provisions/Gross Loan		7.21%	4.93%	6.94%	7.44%	4.93%	7.09%	6.27%	5.49%	6.16%
Portfolio at Risk (NPL/Gross Loans)		**8.56%**	**7.07%**	**8.39%**	**8.66%**	**7.12%**	**8.45%**	**8.40%**	**7.99%**	**8.34%**
Source: SASRA 2024 Annual SACCO Supervision Report										

9.3.3 Sectoral Lending

The Authority monitors the key economic sectors financed by regulated SACCOs as a basis for establishing performance and risks associated with different sectors. This provides users with guided decisions on where resources should be allocated, the risky sectors and sources for potential growth.

Purchase of land for either agricultural use and/or building construction remain the significant economic activity financed by regulated SACCOs where Kshs 137.12 billion was channelled constituting 25.26%. This was an increase from Kshs 124.19 billion reported in 2023 and constituted 26.97% of the entire disbursals in 2023. The growth, however, was observed to have grown at a declining marginal rate. Another key economic sector financed by regulated SACCOs was Education where Kshs 119.49 billion was disbursed. Figure 2 below is a summary of comparative sectoral lending report for the two years ending 2024.

Fig 1: Sectoral credit lending by Regulated SACCOs



9.3.4 Total Deposit Liabilities

The total deposits held by the Regulated SACCO Industry closed at Kshs 749.43 billion from Kshs 682.19 billion reported in 2024. This translated to 9.86% growth representing a marginal decline from 9.95% reported in 2023. Thus, total deposits grew at a declining rate an indicator of a sector approaching maturity.

Majority of members operating accounts in the regulated SACCOs hold less than Kshs 50,000 in savings. More specifically, 14.3 million deposit accounts representing 89.09% of total deposit accounts in operation held a total of Kshs 43.9 billion translating to 5.86% of total deposits. Majority of these accounts were held in large tiered SACCOs whereby 8.58 million accounts were operated with balances of Kshs 31.59 billion. The *Table 3* is a summary of the deposits spread over the years.

Table 3: Distribution of Deposit Liabilities by Number of deposit accounts held by DT - Saccos

Distribution of Deposit Liabilities by Number of deposit accounts held by DT-SACCOs											
DEPOSIT RANGE	ASSET CLUSTER OF REGULATED SACCOs.	NO OF ACCOUNTS (THOUSANDS)					DEPOSIT AMOUNT (KSHS. BILLIONS)				
		2024	2023*	2022*	2021*	2020*	2024	2023*	2022*	2021*	2020*
Below Kshs 50,000	Large-Tier	8,588	6,594	5,363	4,602	3,871	31.59	22.31	16.81	22.09	14.45
	Mid-Tier	3,327	4,767	5,915	4,672	3,243	7.49	8.75	9.82	8.53	8.25
	Small Tier	2,386	1,761	1,886	1,821	1,802	4.82	3.53	4.77	4.40	4.03
	Subtotal	**14,301**	**13,122**	**13,164**	**11,095**	**8,916**	**43.90**	**34.59**	**31.40**	**35.02**	**26.73**
Between Kshs 50,000 & Kshs 100,000	Large-Tier	302	269	209	193	179	21.16	18.55	15.31	14.14	14.15
	Mid-Tier	85	95	107	99	82	5.74	6.37	7.21	5.86	6.12
	Small Tier	54	36	34	31	29	3.67	2.20	2.79	2.62	2.42
	Subtotal	**441**	**400**	**350**	**323**	**290**	**30.57**	**27.12**	**25.31**	**22.62**	**22.69**
Between Kshs 100,000 & Kshs 300,000	Large-Tier	436	397	339	314	305	78.77	70.82	62.23	59.39	60.74
	Mid-Tier	114	129	127	111	111	18.78	20.22	20.43	18.01	19.22
	Small Tier	66	31	36	33	31	11.37	4.89	7.54	6.95	6.49
	Subtotal	**616**	**557**	**502**	**458**	**447**	**108.92**	**95.93**	**90.20**	**84.35**	**86.45**
Between Kshs 300,000 & Kshs 1,000,000	Large-Tier	438	373	336	311	280	228.53	192.02	173.2	161.59	148.95
	Mid-Tier	77	66	61	55	51	36.84	30.01	28.31	24.94	24.16
	Small Tier	39	14	17	16	14	19.42	6.59	10.88	10.42	8.65
	Subtotal	**554**	**453**	**414**	**382**	**345**	**284.79**	**228.62**	**212.39**	**196.95**	**181.76**
Above Kshs 1,000,000	Large-Tier	107	82	69	60	49	220.71	165.88	135.94	114.18	96.26
	Mid-Tier	23	15	11	9	8	41.64	20.09	21.25	15.71	13.82
	Small Tier	10	2	12	2	2	18.90	2.95	6.11	5.37	3.76
	Subtotal	**140**	**99**	**92**	**71**	**59**	**281.25**	**188.92**	**163.30**	**135.26**	**113.84**
GRAND TOTALS		**16,052**	**14,631**	**14,522**	**12,329**	**10,057**	**749.43**	**575.18**	**522.60**	**474.20**	**431.47**
Source: SASRA 2024 Annual SACCO Supervision Report											
* The 2020 to 2023 excluded the number of deposits accounts for NWDT-SACCOs as the same had not been collated											

9.3.5 Capital Adequacy and Stability

The Authority continued to execute its mandated mission of ensuring the safety and soundness of Regulated SACCOs, as outlined in the *2023-2027 Strategic Plan,* through the risk based supervisory framework.

The framework targets all areas that entail significant risk from a SACCO going concern perspective. More specifically, the framework focuses on capital adequacy for loss absorption, loan quality, reasonability of expenses relative to income generated, and availability of liquid funds to the fund loan portfolio.

The regulated SACCOs capital and reserves rose from Kshs 168.05 billion to Kshs 197.77 billion translating to growth of 17.69%. This was mainly financed by members' share contribution of Kshs 145.10 billion in 2024 from Kshs 124.77 billion recorded in 2023. The growth in members shares contribution is in tandem with growth in the newly recruited members. This is a testament to growing confidence among the public in the provision of financial services by regulated SACCOs.

On the other hand, revenue reserves increased from Kshs 43.28 billion in 2023 to Kshs 52.67 billion in 2024 translating to growth of 21.7% from a negative growth of 0.09%. The growth reinforces the regulated SACCOs' long-term viability and stability as the capital is built by the institution and that members cannot put a claim on it.

9.3.6 Liquidity

The regulatory frameworks provide for minimum thresholds to be maintained for both DT and NWDT-SACCOs at 15% and 10% respectively in terms of liquid assets relative to short term liabilities. Other liquidity indicators are measured as an expression of gross loans to total deposits liabilities and extent by which total assets are financed from external borrowing which is restricted at 25% for all regulated SACCOs.

During the year, the regulated SACCOs fulfilled the minimum liquidity requirements on an aggregate level. The Table 4 presents a summary of the liquidity trends over the last three years.

Table 4: Aggregated Liquidity indicators for DT SACCOs

Aggregated Liquidity Indicators for DT-SACCOs					Aggregated Liquidity Indicators for NWDT-SACCOs				
LIQUIDITY INDICATOR	Presribed Minimum	2024	2023	2022		Presribed Minimum	2024	2023	2022
Liquid Assets/Savings deposits + Short term Liabilitie	>=15%	61.34%	64.45%	64.72%	Liquid Assets/Short term Liabilitie	>=10%	144.65%	184.71%	170.86%
Liquid Assets/Total deposits + Short term Liabilities (Stressed ratio with all deposit liabilities)		16.92%	17.91%	18.00%	Liquid Assets/Stotal deposits + Short term Liabilities (Stressed ratio with all deposit liabilities)		16.39%	19.34%	18.92%
Liquid Assets/Total Deposits		18.80%	19.83%	19.94%	Liquid Assets/Total Deposits		18.24%	21.48%	21.23%
External Borrowings/Total Assets	<=25%	2.51%	3.02%	3.20%	External Borrowings/Total Assets		1.46%	1.62%	1.48%
Liquid Assets/Total Assets		12.92%	13.70%	13.64%	Liquid Assets/Total Assets		13.91%	16.53%	10.73%
Gross Loans/Total Assets		78.78%	78.31%	76.77%	Gross Loans/Total Assets		76.74%	76.44%	74.29%
Gross Loans/Total Deposits		114.64%	113.40%	112.16%	Gross Loans/Total Deposits		100.65%	99.34%	96.26%

Source: SASRA Annual SACCO Supervision Report

DT-SACCOs have reduced their reliance in funding assets from external sources which stood at 2.51% from 3.02% in 2023 and 3.20% in 2022. On the other hand, NWDT-SACCOs as well reduced the reliance on external borrowing from 1.62% to close at 1.46% recorded in 2023.

The analysis shows that the DT-SACCOs gross loans to total deposits increased from 112.16% in 2022 to 113.40% in 2023, implying that over 13% of their loans are funded otherwise than through deposits. The NWDT-SACCOs segment on the other hand had their gross loans to total deposits at 99.34% in 2023 which is an increase from a ratio of 96.26%, implying a near match between the loans and deposits.

9.3.7 Implementation of Risk-Based Supervision Framework

The Authority has continued to actively implement a risk-based supervision framework to strengthen regulatory oversight and ensure effective risk management within the Regulated SACCOs. This supervisory approach prioritises the early identification and targeted mitigation of risks through structured inspections and proactive regulatory interventions.

During the reporting period, the Authority prepared a comprehensive annual inspection plan targeting 40 Regulated SACCOs for onsite assessments in the financial year 2024-2025. The implementation of this plan surpassed initial targets, with a total of 48 Regulated SACCOs inspected, demonstrating the Authority's commitment to thorough supervision. Similarly, in the previous financial year (2023-2024), the Authority conducted inspections in 45 Regulated SACCOs, surpassing its planned scope. This achievement aligns closely with the principles of the risk-based supervision framework, which emphasises the efficient allocation of regulatory resources, focusing especially on regulated SACCOs identified as high-risk entities.

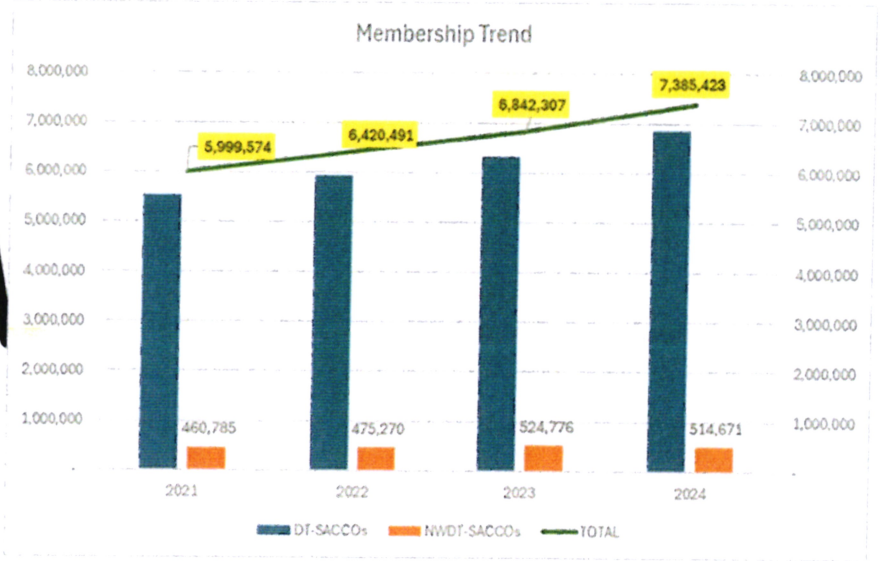
Through this approach, the Authority enhances its supervisory effectiveness, allocating attention and resources based on a risk assessment that ensures stability, compliance, and overall industry integrity.

9.3.8 General Overview of Regulated SACCO Membership

Regulated SACCO membership continues to demonstrate significant growth, diversity, and increased inclusivity. Membership numbers have notably expanded from 5.99 million members in 2021 to 6.84 million in 2023, and further to 7.39 million by 2024, highlighting an ongoing rise in public confidence and reliance on Regulated SACCOs as preferred financial institutions.

Segmentally, Deposit-Taking SACCOs (DT-SACCOs) accounted for much of this growth, registering an 8.76% increase in 2024, thus reaching 6.87 million members or 93.03% of the total membership. Conversely, Non-Withdrawable Deposit-Taking SACCOs (NWDT-SACCOs) experienced a slight membership decline of 1.93%, settling at 514,671 members, which represents 6.97% of total regulated SACCO membership as represented below:





The activity level among regulated Members of regulated SACCOs reveals a dynamic engagement pattern. Active membership slightly decreased from 78.85% in 2023 to 77.44in 2024, accounting for 5.72 million actively engaged members. Dormant memberships concurrently increased, with 1.66 million members (22.56%) classified as less engaged or inactive compared to 21.15% in the previous year.

In terms of membership composition, agriculture-based SACCOs maintained the largest share at 41%, illustrating their integral role within Kenya's agricultural sector. Government-based SACCOs closely followed at 37%, while community-based and private sector-based SACCOs represented 15% and 8% respectively.

Despite the positive trends, regulated SACCOs have encountered a number of challenges. Notably, membership exits in several regulated SACCOs have surpassed new member recruitment. In 2024 alone, 75 SACCOs reported a net loss of 68,555 members, a notable improvement compared to the loss of 131,590 members recorded in 2023. This reduction in membership has directly impacted deposit growth negatively, with 61 SACCOs collectively losing Kshs 0.52 billion in 2024, an improvement from the Kshs 1.59 billion loss in 2023.

External factors such as reduced donor funding and geopolitical shifts have also significantly impacted certain SACCOs. In 2024, 16 SACCOs experienced adverse effects from these external conditions, putting 72,172 members at potential financial risk.

Overall, the regulated SACCO sector continues to support diverse membership segments, including employees, farmers, traders, professionals, youth, women, retirees, SMEs, and diaspora communities. SACCOs play a pivotal role in providing critical financial services such as savings, affordable loans, and investment opportunities, thereby enhancing

financial inclusion and socio-economic empowerment across multiple sectors, including agriculture, trade, transport, education, healthcare, and professional services.

This underscores the importance of regulated SACCOs in broader financial ecosystem, highlighting both their expanding reach and the inherent challenges they face in maintaining member retention and sustaining growth amidst a complex economic landscape.

9.4 Ongoing and Proposed Legislations and Policies for SACCO Industry

The SACCO industry is undergoing significant legislative and policy developments aimed at strengthening governance structures, ensuring financial stability, and driving sustainable growth. A range of ongoing and proposed legislations are reshaping the regulatory landscape to meet evolving economic challenges and enhance SACCO operations.

9.4.1 Ongoing Legislations and Policies

The SACCO industry is currently governed primarily by the Sacco Societies Act (Cap 490B), which outlines the licensing, regulatory, and supervisory framework for regulated SACCOs. This Act is supported by two sets of specific regulations: the 2010 Regulations, targeting Deposit-Taking SACCOs (DT-SACCOs), and the more recent 2020 Regulations covering Non-Withdrawable Deposit-Taking SACCOs (NWDT-SACCOs).

In addition, regulated SACCOs are actively implementing measures aligned with Anti-Money Laundering framework, specifically the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) of 2009. To support compliance, the Authority issues ongoing guidelines, training, and collaborates closely with the Financial Reporting Centre (FRC).

Risk-Based Supervision (RBS) is another key ongoing initiative, designed to improve regulatory oversight by focusing resources proportionally to each SACCO's size, complexity, and systemic significance. Complementing this, the Authority regularly issues general advisory notes to guide regulated SACCOs on governance, handling of non-remitted deductions, and sound financial practices.

9.4.2 Proposed Legislations and Policies

Several important legislative reforms and policy initiatives have been proposed to modernise the regulated SACCO industry and enhance its alignment with international best practices.

There are proposed amendments to the Sacco Societies Act that aim to modernize and strengthen the regulatory framework for SACCOs in Kenya. Key highlights include:

1. **Expanded Scope**: The amendments broaden the scope to include Deposit-Taking SACCOs (DT-SACCOs) and Non-Withdrawable Deposit-Taking SACCOs (NWDT-SACCOs), ensuring comprehensive regulation across the SACCO industry.
2. **Licensing Requirements**: SACCOs, including NWDT-SACCOs and non-deposit-taking SACCOs with assets above Kshs. 100 million, must obtain licenses from SASRA to operate legally.
3. **Governance Enhancements**: Supervisory Committees are replaced with Supervisory Boards, which have expanded mandates for audit and oversight functions. SACCOs must also establish Nomination Committees to vet candidates for governance roles.
4. **Tribunal Powers**: The Cooperative Tribunal's jurisdiction is expanded to handle disputes involving SACCOs, including licensing issues, liquidation matters, and non-remitted deductions.
5. **Capital Adequacy and Risk Management**: SACCOs are required to maintain core capital adequacy ratios and adopt risk-based supervision measures to ensure financial stability.
6. **Consumer Protection**: Measures are introduced to safeguard member deposits and ensure transparency in SACCO operations.
7. **Anti-Money Laundering (AML) Compliance**: SACCOs must comply with AML and combating terrorism financing guidelines, aligning with international standards.
8. **Regulation of Investments**: Rules on SACCO investments are tightened to prevent exposure to unregulated instruments and ensure prudent financial management.
9. **Digital Transformation**: SACCOs are encouraged to adopt digital financial delivery channels, such as mobile money and internet platforms, to enhance accessibility and efficiency.
10. **Alignment with Cooperative Principles**: SACCOs must incorporate cooperative values, ethical beliefs, and principles in their operations, as outlined in the Cooperative Bill, 2024.
11. **Penalties for Non-Compliance**: SACCOs failing to meet licensing and regulatory requirements face penalties, including potential liquidation.

These amendments aim to enhance governance, financial stability, transparency, and operational efficiency within the SACCO industry, while protecting members' interests and aligning with international best practices.

Another key upcoming legislation is the Cooperative Bill 2024, intended to repeal and replace the existing Cooperative Societies Act. The Bill, introduces significant reforms to Kenya's cooperative sector, aiming to modernize its governance, operations, and regulatory framework. The Bill emphasizes cooperative identity, strengthens governance structures, streamlines operations, and aligns with international standards, aiming to enhance competitiveness and sustainability in the sector. Key provisions include:

1. **Guiding Principles**: The Bill is guided by cooperative principles, national values, and ethical beliefs, with external auditors ensuring compliance.
2. **Establishment of Offices**: Creates the Commissioner for Cooperative Development at the national level and County Directors of Cooperatives at the county level to oversee cooperative matters.
3. **Inter-Governmental Relations**: Establishes the Inter-Governmental Cooperatives Relations Technical Forum for policy consultations between national and county governments.
4. **Professionalization**: Requires cooperative officers to have relevant academic qualifications and experience.
5. **Structure and Typology**: Defines organizational structures (primary, secondary, federations, apex cooperatives) and types of cooperatives (e.g., SACCOs, housing, producer, worker cooperatives).
6. **Supervisory Board**: Replaces Supervisory Committees with Supervisory Boards, expanding their mandate to include audit functions.
7. **Nomination Committee**: Mandates cooperatives to establish committees to vet candidates for governance roles.
8. **Cooperative Tribunal**: Expands the tribunal's composition and jurisdiction to handle disputes involving cooperatives and related parties.
9. **Liquidation Powers**: Grants the tribunal authority to nullify transactions made before liquidation.
10. **Protection of Identity**: Criminalizes unauthorized use of cooperative-related terms.
11. **Legislative Impact**: Repeals the Cooperative Societies Act (Cap 490) and introduces a new framework for cooperative registration and regulation.
12. **International Alignment**: Incorporates global cooperative principles and aligns with the New Delhi Action Agenda 2024 and the UN International Year of Cooperatives 2025 theme.

Further, new Guidelines on Combating Money Laundering and Terrorism Financing for the Regulated Saccos were issued during the period. These guidelines will strengthen compliance by clearly defining risk identification methods, mitigation procedures, and reporting obligations, ensuring alignment with global AML/CFT standards.

Additionally, revisions of Core Principles for Effective Banking Supervision have been proposed to align SACCO regulations with updated international supervisory standards. This alignment aims to strengthen financial stability and institutional resilience.

Policy reforms are also being developed to address challenges associated with non-remitted deductions by employers. These reforms include direct recovery mechanisms from governmental entities via exchequer grants, safeguarding member funds.

Recognising technological advancements, the Authority has proposed a Digital Financial Services Framework which encourages regulated SACCOs to integrate digital solutions such as mobile money, internet banking, and USSD platforms, thereby enhancing service delivery and financial inclusion.

Policy initiatives on financial inclusion are being developed to increase regulated SACCOs' role in expanding access to financial services, particularly through mobile-based solutions. Research is also underway exploring regulated SACCOs' potential role in managing diaspora remittances, with a focus on overcoming legal and regulatory barriers.

Lastly, in alignment with the UN International Year of Cooperatives 2025, SACCOs will engage in activities emphasising cooperative identity, sustainability practices, leadership training, and strengthened policy frameworks.

9.4.3 Other Key Projects by the Authority

The Authority is undertaking various key projects to advance the regulatory, supervisory, and developmental capabilities of the regulated SACCO industry. These initiatives emphasise financial stability, governance, innovation, and inclusivity.

Central to the Authority's strategy is the ongoing implementation of Risk-Based Supervision (RBS), aimed at systematically identifying and mitigating SACCO-specific risks, thus strengthening sector-wide resilience.

The promotion of Digital Financial Services remains a strategic priority. the Authority is actively encouraging regulated SACCOs to adopt digital tools, including mobile money and online banking, to enhance operational efficiency and broaden financial inclusion, especially among underserved populations.

Capacity building and continuous training initiatives for regulated SACCO leaders, staff, and board members remain a priority, with the Authority regularly facilitating workshops and training sessions to enhance governance quality, risk management practices, and operational effectiveness.

Addressing long-standing issues related to non-remitted member deductions, the Authority has developed a targeted policy proposing direct recovery mechanisms from public institutions to safeguard member deposits.

Research continues to play a crucial role in the Authority's activities, particularly in exploring regulated SACCO engagement in international remittances, financial inclusion, and identifying barriers within the existing regulatory frameworks.

In alignment with the global cooperative movement, the Authority is actively participating in the UN International Year of Cooperatives (IYC) 2025. This initiative emphasizes the importance of cooperative identity by promoting shared values, ethical practices, and principles such as inclusivity, shared ownership, and democratic governance. It seeks to reaffirm cooperative identity through education, showcasing the global impact and contributions of cooperatives, and fostering a sense of unity within the sector.

The absence of a centralized liquidity management system creates challenges such as inefficiencies in resource allocation, limited access to timely financial support, and heightened risks during financial stress. Incorporating shared services can address these issues by:

- Establishing a centralized liquidity management framework to pool resources and optimize cash flow.
- Enhancing financial stability and resilience across the cooperative sector.
- Streamlining operations and reducing operational costs.
- Improving risk management and contingency planning.
- Providing access to collective financial tools and timely liquidity for operational needs.

Collectively, all these initiatives demonstrate the Authority's commitment to cultivating a robust, innovative, and inclusive regulated SACCO industry that significantly contributes to the broader socio-economic development objectives.

9.5 Capacity building, Public Education and Awareness Initiatives

To support its prudential supervision mandate, the Authority has actively engaged in public education, awareness, and capacity-building initiatives targeting the regulated SACCOs, Members of regulated SACCOs and the wider public. These initiatives primarily aim to improve financial literacy, strengthen member protection, and foster deeper public understanding of SACCO operations and regulatory frameworks.

During the reporting period, the Authority conducted three- regulated SACCO member education forums in Meru, Kisii, and Nairobi Counties. Further, the Authority facilitated during the Annual SACCO Sector Conference organized by ICPAK that reflected on key trends shaping the SACCO sector. These forums provided participants with crucial information required for making informed financial decisions, understanding SACCO governance structures, and familiarising themselves with regulatory requirements.



SASRA staff attending to a SACCO member during an Open Day held at Uhuru Park. ***Source: SASRA Database***

In addition to its member education efforts, the Authority prioritised the promotion of sound management practices across regulated SACCOs. As part of this agenda, the Authority collaborated with the International Credit Union Regulators' Network (ICURN) to host its annual forum in Naivasha. This engagement provided a platform for knowledge exchange on regulatory developments, supervisory approaches, and global cooperative oversight practices.

Further, the Authority convened three focused training sessions for the Non-Withdrawable Deposit-Taking (NWDT) SACCOs in Nairobi and Mombasa. The sessions addressed financial reporting practices, complaint management systems, and other emerging issues affecting sector performance and compliance.

During the same period, the Authority released key regulatory instruments including the Sacco Supervision Report – 2023, the Guidelines on Combating Money Laundering and Terrorism Financing – 2024, and the Model Complaints Management Policy for Regulated Saccos– 2024.

These policies and guidelines set minimum thresholds for compliance, integrity, and member-focused practices across all regulated SACCOs. They prescribe clear procedural standards, documentation requirements, and reporting obligations. The Model Complaints Management Policy seeks to harmonise complaints resolution mechanisms across the industry fostering transparency, standardisation, and timely redress for SACCO member grievances.

Collectively, these initiatives reflect the Authority's continued commitment to improving SACCO governance, consumer protection, financial inclusion, and operational resilience and the impact of these initiatives has been notable. Members of regulated SACCOs are now better informed, enabling them to make sound financial decisions, clearly understand their rights and responsibilities, and engage more actively in SACCO governance processes. Additionally, capacity-building efforts have significantly enhanced the governance and operational management capacities of regulated SACCOs, resulting in improved compliance, accountability, and overall sector performance.

9.6 Summary of Complaints Resolution and Management

In 2024, the Authority received and processed a total of **764 complaints** from members of regulated SACCOs compared to a total of **715 complaints** were received and processed in 2023, continuing to implement effective mechanisms for resolving disputes within the SACCO industry. The Authority prioritises transparency, accountability, and fairness in managing these cases.

The Authority mandates that each regulated SACCO establishes a robust internal complaints-handling framework to initially address member concerns. If internal efforts do not resolve the complaint satisfactorily, members have the option to escalate the matter directly to SASRA or the Cooperative Tribunal for further intervention. Complaints received commonly revolve around issues such as delays in refunding savings and deposits, late loan disbursements, governance shortcomings, financial mismanagement, non-remittance of deductions, and disputes concerning membership rights.

Here is a comparative *Table 5* summarizing complaints resolution and management for 2024 and 2023:

Table 5: Summary of complaints

Nature of Complaint	2024 (DT-SACCOs)	2024 (NWDT-SACCOs)	2024 (Total)	2024 (% to Total)	2023 (DT-SACCOs)	2023 (NWDT-SACCOs)	2023 (Total)	2023 (% to Total)
Claim of refunds of savings and deposits or share transfers	466	25	491	64.27%	378	33	411	57.48%
Loan and loan issuance	83	9	92	12.04%	97	10	107	14.97%
Other complaints generally	63	6	69	9.03%	56	8	64	8.95%

Delayed deceased payments or pension	22	0	22	2.88%	25	8	33	4.62%
Suspected fraud	15	3	18	2.36%	15	4	19	2.66%
Irregular deduction of deposits	15	1	16	2.09%	13	12	25	3.50%
Guarantors and guarantee for loans	11	2	13	1.70%	8	8	16	2.24%
CRB listing	10	0	10	1.31%	11	1	12	1.68%
Failure to pay dividends on time	15	5	20	2.62%	10	2	12	1.68%
Misuse of security/collateral by SACCO	2	0	2	0.26%	11	1	12	1.68%
Elections & electoral processes	3	1	4	0.52%	1	0	1	0.14%
Non-remittance/statement	6	0	6	0.79%	3	0	3	0.42%
Irregular FOSA account transaction	1	0	1	0.13%	0	0	0	0.00%

This table provides a clear comparison of complaints received and processed in 2024 and 2023, highlighting the nature of complaints, their frequency, and percentage contribution to total complaints.

Members of regulated SACCOs are provided with multiple accessible channels for lodging complaints, including emails, telephone, visits to physical offices, the Customer Relationship Management portal, a dedicated toll-free number, and WhatsApp contact. This broad range of channels helps ensure ease of access and encourages prompt reporting of issues.

Upon receiving a complaint, the Authority promptly categorises, reviews, and investigates the matter. Depending on the findings, the Authority provides advisory support, issues formal recommendations, or takes regulatory action against regulated SACCOs found in breach of regulatory standards. Throughout the resolution process, the Authority maintains regular communication with affected members, updating them on the progress and outcomes of their cases.

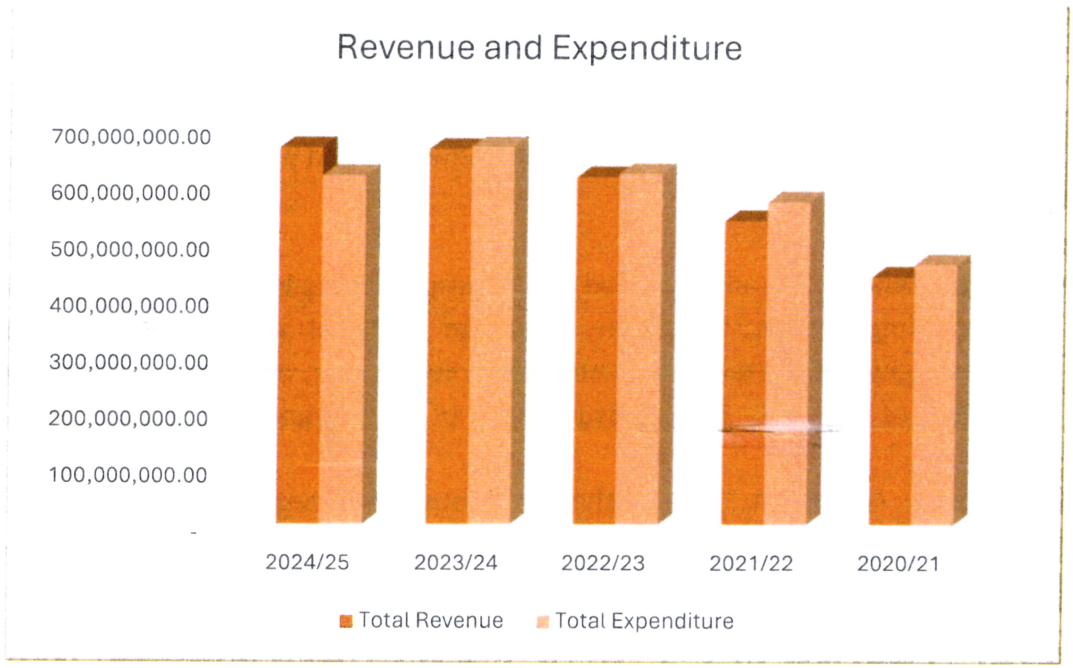
Challenges encountered in the complaints management process include inadequate awareness among Members of regulated SACCOs regarding their rights and obligations, liquidity constraints affecting timely resolution, and persistent governance weaknesses within some regulated SACCOs. To address these issues, the Authority undertakes targeted member education initiatives, the adoption of liquidity contingency plans, and comprehensive enhancements to SACCO governance structures.

9.7 Financial Performance

The Authority's total revenue for the period was KShs 667.23 million, a slight increase from KShs 665.48 million in the previous financial year. This was driven by marginal growth in levies and license fees, along with KShs 658,000 from asset disposals. Total expenditure declined significantly to KShs 605.48 million from KShs 665.07 million in the

previous year, largely due to exogeneous factors which mostly affected expenses relating to use of goods and services. Depreciation costs also reduced as majority of the assets are fully depreciated. Employee costs rose to KShs 323.88 million, as a result of growth in staff complement, while board expenses slightly decreased. The Authority closed the year with a surplus of KShs 62.41 million, out of which 90% amounting to KShs 56.16 million is payable to the Exchequer in line with Section 219(2) of the Public Finance Management (PFM) Act Regulations, which requires regulatory authorities to remit ninety percent (90%) of their surplus funds to the Consolidated Fund after the close of each financial year.

The Authority's Revenue and Expenditure for FY 2020/21 -FY 2024/25



Compliance with Statutory requirements

During the reporting period, the Authority maintained full compliance with all statutory obligations. There were no instances of non-compliance that could give result into contingent liabilities. The Authority continued to observe the requirements of key legislation, including but not limited to PAYE, Housing Levy, SHIF, NSSF, HELB, and withholding tax. All statutory deductions and obligations were processed and remitted within the stipulated timelines, demonstrating the Authority's commitment to regulatory and operational Transparency.

Financial Probity and serious governance issues

There were no reports of financial improbity or significant financial governance lapses during the year under review. The Authority operated in conformity with public finance management frameworks and adhered to all financial controls and reporting

requirements. Oversight by the Board and Management was effective, with no concerns raised in relation to ethical conduct and decision-making processes.

9.8 Future Developments

The outlook for the regulated SACCO industry is shaped by several factors, emphasising resilience, innovation, and adaptability. Despite prevailing macroeconomic challenges such as inflation, fluctuating interest rates, and climate-related risks regulated SACCOs are expected to maintain financial stability through proactive risk management practices. A continued emphasis on institutional capital accumulation, robust liquidity management frameworks, and regular monitoring of financial stability indicators will remain essential.

Significant legislative changes, particularly the implementation of the Co-operative Bill, 2024, will reshape the industry. This legislation is anticipated to introduce enhanced governance structures, stricter compliance requirements, and greater transparency and accountability within SACCOs. Additionally, stricter anti-money laundering and counter-terrorism financing measures will further strengthen operational integrity.

Technological advancement will increasingly shape regulated SACCO operations. Digital platforms, mobile money services, and internet-based financial solutions will enhance service delivery, improve member experiences, and boost operational efficiency. These technological tools will also play a crucial role in cybersecurity, fraud prevention and enhancing accessibility, especially in underserved regions.

Regulated SACCOs will adopt member-centric strategies, prioritising retention through targeted financial literacy programmes, comprehensive member education initiatives, and more responsive complaint-handling systems. Expansion efforts into underserved areas will foster greater financial inclusion, enabling regulated SACCOs to address gaps in financial access more effectively.

Environmental, Social, and Governance (ESG) principles has become integral to regulated SACCO operations. The Authority during the period did a study to ascertain the levels of awareness on blue and green financing initiatives to the Authority prioritising these initiatives, adopting climate-resilient strategies, and incorporating sustainability considerations into everyday business practices. Such measures will position regulated SACCOs as responsible and forward-thinking financial institutions.

Global collaboration and participation in international cooperative initiatives will continue strengthening SACCO operational frameworks, foster innovation, and enable the adoption of global best practices. Aligning operations with the UN International Year of Cooperatives in 2025, regulated SACCOs will emphasise on reaffirming cooperative identity, effective policy frameworks, leadership development, and building sustainable solutions.

Competition in the credit market necessitates that SACCOs continuously innovate, particularly by developing competitive and affordable credit products that rival offerings from traditional banks and other financial institutions. Collectively, these factors position regulated SACCOs to continue playing an essential role in promoting financial inclusion, economic resilience, and community development, ensuring their growth remains sustainable and adaptive.

9.9 Challenges

The SACCO industry faces several critical challenges that affect its stability, sustainability, and growth prospects. A significant challenge is the non-remittance of deducted funds by employer institutions. This issue negatively affects regulated SACCO liquidity, complicates loan recovery processes, and undermines financial stability. Closely related are member exits, and refund claims exert additional liquidity pressures, particularly when numerous members withdraw simultaneously, impacting operational sustainability.

Externally driven challenges also affect the sector, notably global policy shifts, such as reductions in donor funding and geopolitical uncertainties. Regulated SACCOs dependent on externally funded projects are particularly vulnerable to these fluctuations. Furthermore, interest rate volatility poses risks for regulated SACCOs reliant on external borrowing, as rising rates lead to higher borrowing costs, while foreign exchange risks continue to affect regulated SACCOs involved in cross-border financial transactions.

Compliance with regulatory standards such as Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) regulations is another area of concern. Adhering to these regulations requires substantial investment in resources and ongoing staff training. Additionally, the sector faces challenges in technological adaptation, specifically regarding cybersecurity threats and the significant investments required to implement secure digital financial channels effectively.

Liquidity constraints, intensified by inadequate contingency planning, further limit regulated SACCOs' ability to fulfil member obligations during periods of financial stress or increased withdrawals. Similarly, elevated levels of non-performing loans (NPLs) threaten regulated SACCOs' financial health, undermining overall operational stability.

The absence of direct access to national payment systems places regulated SACCOs at a competitive disadvantage relative to other financial institutions, restricting their service offerings and overall market competitiveness. A high concentration of assets among a few large regulated SACCOs creates sustainability challenges for smaller SACCOs. These smaller SACCOs, with fewer resources, face difficulties in competing effectively, scaling operations, attracting members, and maintaining financial stability. The imbalance in

asset distribution disadvantages smaller SACCOs by limiting their growth opportunities and ability to provide competitive services, while also making it harder for them to cover operational and regulatory costs, potentially undermining their long-term viability.

Rising operational costs represent an ongoing challenge, continuously pressuring regulated SACCO profitability and competitiveness. Furthermore, insufficient gender representation in leadership positions remains an unresolved concern, highlighting the necessity for affirmative action to ensure inclusivity.

The supervision of numerous smaller regulated SACCOs is another systemic challenge, straining regulatory resources and complicating effective oversight. Additionally, the sector lacks critical mechanisms such as a comprehensive deposit guarantee scheme, which is essential for member protection and sector stability in the event of regulatory SACCO failures.

Other regulatory challenges include the absence of a defined regulatory framework for secondary cooperatives, inadequate regulatory provisions to address emerging risks effectively, persistent governance weaknesses across multiple SACCOs, and vulnerabilities in cybersecurity as technological adoption accelerates.

Addressing these challenges effectively will require strategic interventions, enhanced governance practices, better regulatory frameworks, and targeted investments in capacity building and technological innovation.

9.10 Recommendations

To address these challenges, strategic interventions have been proposed, including sector consolidation to improve efficiency in supervision, implementation of deposit insurance and resolution frameworks, and legal amendments to guarantee enforceability of regulatory guidelines. A fundamental mindset shift towards risk-based rather than compliance-focused supervision is recommended, requiring enhanced professional judgement from regulators.

Further recommendations include incorporating independent directors and supervisory committee members into governance structures, strengthening fit-and-proper assessments for regulated SACCO leadership, and leveraging Artificial Intelligence (AI) and big data analytics for advanced supervision and risk management.

Implementing these strategic interventions, improving governance frameworks, diversifying income sources, and adopting innovative financial solutions are essential steps for overcoming these challenges and ensuring the regulated SACCO sector's long-term sustainability and effectiveness.

9.11 Conclusion

The core mandate operational performance at the Authority in 2024 highlights significant progress towards strengthening the stability, sustainability and resilience of the regulated SACCO industry. Through effective financial supervision, prudent management of regulatory frameworks, and robust capital adequacy oversight, the Authority has continued to secure member confidence and enhance public trust in the industry.

The detailed analysis of financial performance, capital adequacy, asset quality, liquidity management, and risk-based supervision have demonstrated the Authority's proactive approach to identifying and addressing emerging risks. Furthermore, targeted market conduct and consumer protection measures including public education, capacity-building initiatives and a structured complaints resolution framework have reinforced transparency, accountability, fairness and safeguarding member interests.

Continued strategic oversight through regular on-site inspections and off-site monitoring has ensured compliance with regulatory standards and international best practices. Additionally, the Authority's emphasis on technological integration and digital transformation has facilitated greater efficiency, accessibility, and security within regulated SACCO operations, aligning the sector with broader financial sector innovations.

Despite notable achievements, the regulated SACCO industry still faces challenges such as non-remittance of funds, liquidity constraints, governance issues, technological adaptation risks, and external economic vulnerabilities. Addressing these requires strategic interventions including improved governance frameworks, strengthened risk management practices, enhanced legislative support, and continued investment in member education and financial literacy.

In conclusion, the Authority's regulatory efforts remain critical in ensuring regulated SACCOs maintain their vital role as secure, reliable, and inclusive financial institutions, significantly contributing to our socio-economic growth and resilience.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Sacco Societies Regulatory Authority (SASRA) plays a pivotal role in Kenya's financial inclusion landscape by overseeing the regulation and supervision of Savings and Credit Cooperative Organizations (SACCOs). Through its regulatory mandate, the Authority significantly contributes to the achievement of the United Nations Sustainable Development Goals (SDGs), particularly those aligned with financial empowerment, institutional strengthening, gender equity, and economic development.

Some of these achievements the Authority has contributed include poverty reduction as the first goal through enhancing access to affordable financial services in SACCOs, enabling underserved populations to mobilize savings and access credit. The Authority continuously supports rural and informal economies by regulating SACCOs that offer financial services to low-income earners, farmers, and small business owners.

The Authority promotes the Sustainable Development Goal number 17 on Partnerships for the goals by enhancing collaboration through strategic partnerships with government agencies, development partners, and international institutions to build sector capacity. Through these programmes, the Authority hosted the Annual International Credit Regulators Network (ICURN), hosted the President of Alliance for financial inclusion among others like the Joint Financial Regulators initiatives.

Other Strategic Authority Initiatives Supporting Sustainable Development Goals

The Authority continues to align its strategic initiatives with the Sustainable Development Goals (SDGs), with a focus on Risk-Based Supervision Framework, Licensing of Non-Withdrawable Deposit-Taking SACCOs (NWDTs), financial inclusion, innovation, and institutional accountability.

Other Strategic Authority Initiatives Supporting Sustainable Development Goals include:

Risk-Based Supervision Framework: Introduced to strengthen institutional oversight and risk management practices in SACCOs, enhancing resilience and long-term sustainability.

Licensing of Non-Withdrawable Deposit-Taking SACCOs (NWDTs): Ensures broader financial inclusion and standardization of service delivery across the sector.

Digital Transformation and Automation

As part of its digitisation agenda, the Authority promoted SACCO shared services to enhance operational efficiency, improve transparency, and expand outreach to underserved and underbanked populations. These shared platforms are expected to

reduce duplication of infrastructure, lower service delivery costs, and foster interoperability across regulated SACCOs.

Consumer Protection and Financial Inclusion

Through the implementation of the Consumer Protection Framework and participation in the development of the National Financial Inclusion Strategy, the Authority has reinforced standards for fair treatment of SACCO members. Emphasis has been placed on effective grievance resolution mechanisms, disclosure requirements, and member-centric practices.



International Credit Regulators network (ICURN) players during the Kenya Conference in July 2024

The Authority has a Service Delivery charter which is a public document that outlines the services offered, timelines for service delivery, performance standards, client's responsibilities and complaint and feedback mechanisms.

To enhance transparency, this charter is published on the Authority's official website and displayed in public reception areas. Feedback is collected via the official email, website, contact forms and periodic stakeholder forums.

The Authority also adheres to the procurement principles though Public Procurement and Asset Disposal Act (PPADA), 2015, by ensuring transparency, competitiveness, and value-for-money in its procurement processes. Its procurement is aligned with government policy on preference and reservation schemes for special interest groups.

During the period under review, the Authority allocated the youth, women and PWDs (AGPO) 30% and local suppliers at 65% against the target of 32% and 40% respectively.

ii) Environmental performance

The Authority's environmental sustainability policy (2022) sets forth principles and practices aimed at significantly contributing to the Authority's environmental sustainability program. This includes the control and management of environmental risks and the enhancement of environmental performance. The policy outlines the environmental and sustainability context, legislative, policy obligations, responsibilities and actions for all Authority staff.

To support its mandate, the Authority undertook a collaborative Tree planting initiative with the South Rift Saccos in conjunction with the Head of Public Service to grow trees in Chepalungu Forest. The Authority donated 3,000 seedlings towards this initiative.



The Authority Director of the Board, Mr. Methuselah Rono planting a tree in Chepalungu forest with assistance from the Area Administrators.

iii) Employee welfare

As a public institution, the Authority is mandated to uphold constitutional values under the Kenyan Constitution (Article 10 and Article 232), including equity, inclusiveness, non-discrimination, and equal opportunity. During the period under review, the Authority formulated a Diversity and inclusion policy to ensure all employees and stakeholders—

regardless of gender, age, disability, ethnicity, religion, or socio-economic background—are treated fairly in recruitment, promotion, and access to services.

The Authority's Human Resource Policy and Procedure Manual (2017) guides the management of human resources in achieving our mandate, in accordance with public service guidelines. The Authority's has a work force of 93members of staff, that comprises of 37 % female and 63% male employees, with 5.4% representation from people living with disabilities and staff from 16 different ethnicities. During the year, the Authority sponsored various capacity-building and training programs to enhance staff skills.

The Authority within the year under review revised and received approval of Human resource policy and procedures manual. This manual takes into consideration the key aspects of employee welfare and competence development among other versatile engagements.

During the period under review, the Authority ensured workplace safety and employee well-being through Occupational Safety and Health Administration (OSHA)-related initiatives. These included a renewal of registration of workplace certification through a satisfactory inspection, training of first aiders and fire marshals to promote a culture of safety, serviced fire safety equipment and updated first aid boxes

iv) Market place practices

The Authority has put in the following practices with respect to:

a) Responsible Competition practices

The Authority has a Communication and Stakeholder Engagement Policy, an Anti-corruption and Bribery Policy and Communications Strategy to all its stakeholders.

b) Responsible Supply chain and supplier relations

The Authority's procurement processes are guided by the provisions of the Public Procurement and Asset Disposal Act, 2015. During the year the Authority implemented the following strategies.

i) Developed clear requirements, and TORs to discourage any misinterpretation by the supplier.
ii) Advertised for registration of suppliers to develop a pool of suppliers to enhance competition.
iii) Advertised all its open tender opportunities through its website to ensure interested suppliers access similar information.
iv) Ensured that pending bills were maintained at their lowest at any given period

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

During the period under review, the Authority developed a Communication and Stakeholder engagement Strategy to ensure clear, consistent, inclusive, and

transparent interaction with its wide array of stakeholders. Additionally, to enhance responsible engagements with various stakeholders, the Authority also had its communication policy reviewed.

d) Product stewardship or Awareness creation

The Authority remains committed to safeguarding consumer rights and interests through rigorous oversight of the Regulated SACCO products and services. This commitment is embedded in the ongoing regulatory interventions that promote transparency, fairness, and accountability in how SACCOs design, deliver, and manage their financial products.

i) **Transparency and Fairness in Product Disclosure**

The Authority requires all regulated SACCOs to provide full and accurate disclosures about their products. This includes clear communication of the terms and conditions attached to savings accounts, loan products, digital offerings, and any associated fees or penalties. The objective is to enable SACCO members to make informed decisions and avoid exposure to misleading or exploitative practices. Transparency in product design and communication is a foundational requirement for market conduct supervision.

ii) **Product Approval and Ongoing Monitoring**

Before launching new financial products, regulated SACCOs are required to submit them to the Authority for review and approval. This process assesses the product's structure, compliance with applicable laws, alignment with fair lending principles, and overall suitability for the intended SACCO member segment. In 2024, the Authority received 99 applications and approved 79 products. This is part of ongoing efforts to ensure that all products, whether conventional or technology-driven adhere to acceptable conduct standards and consumer protection benchmarks.

Existing regulated SACCO products are also subject to regular monitoring to assess compliance, member impact and emerging risks. The Authority's compliance team use both off-site analysis and on-site inspections to evaluate product suitability, identify anomalies and guide corrective actions where needed.

iii) **Consumer Complaint Handling**

Effective complaint management is integral to product stewardship. The Authority has established formal mechanisms to handle complaints related to SACCO products and services. All regulated SACCOs are required to appoint designated officers responsible for managing complaints, maintain a centralised complaints register and submit quarterly reports to the Authority. In 2024 alone, the Authority received and processed 764 complaints, with a significant proportion relating to delays in loan disbursements, refund of deposits, and governance-related issues. The structured complaint reporting process ensures that emerging patterns are identified early and corrective measures implemented to prevent recurrence.

The Authority also issued a Model Complaints Handling Policy in 2024 to guide SACCO members in developing standardised, member-focused complaints procedures. This policy outlines minimum thresholds for responsiveness, documentation, and follow-up mechanisms, ensuring consistency in how member grievances are addressed.

iv) **Education and Awareness Initiatives**

Recognising the link between informed members and effective consumer protection, the Authority continued to conduct member education forums across the country. In 2024, forums were held in Meru, Kisii, and Nairobi, focusing on complaints management, financial literacy, product understanding, and the rights and obligations of SACCO members. These engagements empower regulated SACCO members to evaluate financial products critically and advocate for their rights.

In addition, targeted capacity-building programmes were delivered through three sessions for NWDT SACCOs in Nairobi and Mombasa, covering complaint resolution techniques and ethical product practices, financial reporting and emerging issues. These sessions also served as platforms for reinforcing regulated SACCO responsibilities in upholding consumer protection standards.

v) **Corporate Social Responsibility / Community Engagements**

The Authority had its Corporate Social Responsibility policy reviewed in the said financial year and enhanced through inclusion of the Investment aspect with an aim to move beyond material donations to personnel and time.

In partnership with the Unaitas SACCO, the Authority members of staff joined the parent ministry in support of their tree planting initiative in Murang'a County in line with the national effort to combat deforestation, restore degraded landscapes, and mitigate climate change.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the SACCO Societies Regulatory Authority's affairs.

i) Principal activities

The principal activities of the Authority are highlighted in page vi of this report.

ii) Results

The results of the Authority for the year ended June 30, 2025, are set out on page 1-7 and the accompanying notes.

iii) Directors

The members of the Board of Directors who served during the year are shown on page xi - xvi of the report.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority made a surplus of Kshs 62.4 Million out of which Kshs. 56.16 Million is payable to the exchequer.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....

Roselyne A. Ragama
Corporation Secretary/Secretary to the Board

Date: 6/11/2025

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act, and Section 20 of the Sacco Societies Act 2008 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial period and the operating results of the Authority for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Sacco Societies Act 2008. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:

.....
Hon. Jackton Ranguma
Board Chairman

.....
CPA David Sandagi
Ag. Chief Executive Officer

REPUBLIC OF KENYA

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Website:www.oagkenya.go.ke

REPUBLIC OF KENYA
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SACCO SOCIETIES REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Sacco Societies Regulatory Authority set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sacco Societies Regulatory Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Sacco Societies Act 2008 (Cap 490 B) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Sacco Societies Regulatory Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matter

In the audit report of the previous year, several issues were raised under the Emphasis of Matter. The issues as detailed in Appendix I remain unresolved as Parliament has not deliberated on the same.

Other Information

The Management are responsible for the Other Information set out on page vi to lxxix, which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Sacco Societies Regulatory Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of

this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Understaffing of the Authority

Review of the Authority's records revealed that it has an approved establishment of one hundred and forty-five (145) members of staff. However, the Authority has an in-post of ninety-three (93) staff members resulting to understaffing of fifty-two (52) or 36% of the approved establishment. A situation that may lead to overworked workforce.

In the circumstances, the staff may be overworked leading to poor service delivery which may negatively impact on the realization of the Authority's goals.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 November, 2025

Appendix I

Unresolved Prior Year Matters

No.	Reference	Observation
		Emphasis of Matter
1		Budgetary Control and Performance

14. Statement of Financial Performance for the year ended 30 June 2025

			Restated	
	Notes	2024-2025	2023-2024	2023-2024
Revenue		**Kshs**	**Kshs**	**Kshs**
Levies	6(a)	639,248,886	638,196,678	638,196,678
Licenses Fees	7	27,985,018	27,280,099	27,280,099
		667,233,903	**665,476,777**	**665,476,777**
Expenditure				
Use of goods and services	8(a)	201,858,474	263,088,158	261,736,360
Employee costs	9(a)	323,878,608	280,103,372	285,076,178
Board Expenses	10	28,084,624	29,742,685	29,742,685
Depreciation and amortization expense	11	48,240,884	87,710,643	87,710,643
Repairs and maintenance	12	3,421,724	4,420,320	4,487,193
Total Expenses		**605,484,314**	**665,065,178**	**668,753,059**
Other gains/(losses)				
Gain on sale of asset	13	658,000		
Surplus for the period		**62,407,590**	**411,599**	**(3,276,282)**
Remission to the Exchequer		56,166,831	-	-
Net surplus for the Period		**6,240,759**	**411,599**	**(3,276,282)**

The notes set out on pages 8 to 30 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

.....
David Sandagi
Ag. Accounting Officer

Date 6/11/2025

.....
Flora Kimari
Manager Finance and Accounts
ICPAK M/No: 9582
Date 6/11/2025

.....
Hon. Jackton Ranguma
Chairman of the Board

Date 6/11/2025

15. Statement of Financial Position as at 30 June 2025

			Restated	
		2024-2025	2023-2024	2023-2024
ASSETS	**Notes**			
Current Assets		**Kshs**	**Kshs**	**Ksh**
Cash & Cash Equivalents	14(a)	433,570,982	276,432,475	276,432,475
Receivable from Non-Exchange transactions	15	21,537,362	92,384,499	92,185,599
Total Current Assets		**455,108,344**	**368,816,975**	**368,618,074**
Non-current Assets				
Property, plant and equipment	16(a)	62,237,422	104,262,430	104,262,430
Intangible assets	16(b)	11,956,221	6,922,500	6,922,500
Staff Mortgage	17	118,254,879	90,549,039	90,549,039
Total Non-current Assets		**192,448,521**	**201,733,969**	**201,733,969**
Total Assets		**647,556,865**	**570,550,944**	**570,352,043**
LIABILITIES				
Current Liabilities				
Trade and other payables	18	83,619,816	22,006,664	20,656,736
Provisions	19	9,100,932	487,200	5,326,106
Total current Liabilities		**92,720,746**	**22,493,864**	**25,982,845**
NET ASSETS		**554,836,118**	**548,057,079**	**544,369,201**
Represented by				
Capital Reserves	20	800,005,824	799,467,544	799,467,546
Accumulated surplus/deficit	21	(258,169,706)	(264,410,465)	(268,098,345)
Revaluation	22	13,000,000	13,000,000	13,000,000
NET ASSETS		**554,836,118**	**548,057,079**	**544,369,201**

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

David Sandagi
Ag. Accounting Officer

Date 6/11/2025

Flora Kimari
Manager Finance and Accounts
ICPAK M/No: 9582

Date 6/11/2025

Hon. Jackton Ranguma
Chairman of the Board

Date 6/11/2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Capital fund	Retained earnings	Revaluation Reserve	Total
Balance as at 30th June 2022	**796,243,608**	**(268,298,767)**	**13,000,000**	**540,944,838**
Surplus/Deficit for the period	-	(5,355,923)		(5,355,923)
Prior year adjustments		8,832,626		8,832,626
Interest on Staff Car loan and Mortgage	2,223,513			2,223,513
Balance as at 30th June 2023	**798,467,121**	**(264,822,064)**	**13,000,000**	**546,645,054**
Surplus/Deficit for the period	-	(3,276,281)		(3,276,281)
Interest on Staff Car loan and Mortgage	1,000,425			1,000,425
Prior year adjustments		3,687,880.24		3,687,880
Balance as at 30th June 2024	**799,467,544**	**(264,410,464)**	**13,000,000**	**548,057,079**
Interest on Staff Car loan and Mortgage	538,280	-	-	538,280
Surplus/Deficit for the period		62,407,590	-	62,407,590
90% Surplus due to Exchequer		(56,166,831)		(56,166,831)
Balance as at 30th June 2025	**800,005,824**	**(258,169,705)**	**13,000,000**	**554,836,118**

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
Cash flows from operating activities		**Kshs**	**Kshs**
Receipts			
Levies - Sacco Deposits	6(b)	708,153,336	561,744,010
License application fees	7	27,985,018	27,280,099
Total Receipts		**736,138,354**	**589,024,109**
Payments			
Use of goods and services	8(b)	151,635,164	235,758,099
Rent paid	8('c)	42,834,304	41,126,866
Employee Expenses	9(b)	315,264,875	287,967,114
Board Expenses	10	28,084,624	29,742,685
Repairs and maintenance	12	3,421,724	4,487,193
Total Payments		**541,240,690**	**599,081,957**
Net cash flows from operating activities	23	**194,897,664**	**(10,057,848)**
Cash flows from investing activities			
Proceeds from sale of asset	13	658,000	-
Purchase of property, plant, equipment and intangibles	16	(2,984,000)	(17,947,124)
Work in Progress	16	(8,265,597)	(6,270,000)
Staff Mortgage	17	(27,705,840)	(45,132,574)
Net cash flows used in investing activities		**(38,297,437)**	**(69,349,698)**
Cash flows from financing activities			
Transfer to Capital	20	538,280	1,000,425
Net cash flows used in financing activities		**538,280**	**1,000,425**
Net increase/(decrease) in cash and cash equivalents		**157,138,505**	**(78,407,118)**
Cash and cash equivalents b/f		**276,432,476**	**354,839,594**
Cash and cash equivalents at 30 JUNE 2025		**433,570,982**	**276,432,476**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original Approved Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of Utilization	Notes
Revenue:	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Deposit Levy	697,058,000	(57,809,115)	639,248,885	639,248,886	(1)	100%	
License fees and application fees	27,173,000	640,017	27,813,017	27,985,018	(172,001)	101%	
Other Income	-	658,000	658,000	658,000			
Total Recurrent	**724,231,000**	**(56,511,098)**	**667,719,902**	**667,891,903**	**(172,001)**		
Development Revenue							
Rolled over RBSS Fund	102,485,896	-	102,485,896	102,485,896	-	100%	
RBSS and Performance security	20,842,287	-	20,842,287	-	20,842,287	0%	(a)
Sub Total	**123,328,183**	-	**123,328,183**	**102,485,896**	**20,842,287**		
(A) Total Recurrent and Development Revenue	**847,559,183**	**(56,511,098)**	**791,048,085**	**770,377,799**	**20,670,286**		
Recurrent Expenditure							
Use of goods and services	104,725,122	115,343,216	220,068,338	201,858,474	18,209,864	92%	
Employee costs	292,249,454	34,399,256	326,648,710	323,878,608	2,770,102	99%	
Board Expenses	21,871,800	7,570,627	29,442,427	28,084,624	1,357,804	95%	
Depreciation and amortization expense	-		-	48,240,884	(48,240,884)		
Repairs and maintenance	300,000	3,165,092	3,465,092	3,421,724	43,368	99%	
Total Recurrent Expenditure	**419,146,376**	**160,478,191**	**579,624,567**	**605,484,314**	**(25,859,747)**		
			-				
Capital Expenditure							
Staff Car loan and Mortgage	9,690,000	67,310,000	77,000,000	77,000,000	-	100%	

Furniture and Fittings	2,000,000	(2,000,000)	-	-	-		
ICT Equipments	-	4,000,000	4,000,000	2,984,000	1,016,000	75%	(b)
Fire suppression		4,500,000	4,500,000	2,579,376	1,920,624	57%	(c)
Total Capital Expenditure	**11,690,000**	**73,810,000**	**85,500,000**	**82,563,376**	**2,936,624**		
Development expenditure							
Implementation of RBSS	123,328,183	-	123,328,183	11,956,221	111,371,962	10%	(d)
Total developmnt expenditure	**123,328,183**	-	**123,328,183**	**11,956,221**	**111,371,962**	**10%**	
(B) Total Recurrent and Development Expenditure	**554,164,559**	**234,288,191**	**788,452,750**	**700,003,911**	**88,448,839**		
©=(A-B) Total Revenue less Total Expenditure	**293,394,624**	**(290,799,289)**	**2,595,335**	**70,373,889**	**(67,778,554)**		

Budget Reconciliation

Actual Surplus as per the statement of Budget	70,373,889
Add total cash opening balance	276,432,474
Adjustment for receivables	
Opening balance	79,262,529
Closing balance	(10,358,078)
Add interest earned on Mortgage deposit amount	538,280
Adjustment for provisions	
Depreciation	48,240,884
Provision for leave	8,613,733
Adjustment for Payables	7,389,006
Mortgage amount not utilised	49,294,160
Less amount for RBSS project	(96,215,896)
Closing Cash and Cash equivalent as per statement of cash flow	433,570,980

Notes explaining Variances in the Budget Performance Report

a) This relates to a bank guarantee that was not surrendered by the bank by the end of the Financial year

b) Several existing laptops were repaired and upgraded, thereby reducing the number of new laptops required. This led to cost savings while still meeting operational needs.

c) The first phase of the installation of fire suppression was completed during the period under review. The second phase is underway and will be completed by the end of first quarter of next financial year.

d) Procurement of RBSS has been done and Implementation of the Project commenced. The balance of the funds will be absorbed in the next financial year.

The change between the original budget and the final budget was because of reallocations which were necessary to accommodate critical activities that were not anticipated during the initial development the budget.

19. Notes to the Financial Statements

1. General Information

The Sacco Societies Regulatory Authority (SASRA) is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. It was established as the Government's principal agency for supervision and regulation of SACCO Societies in Kenya pursuant to the provisions of the Sacco Societies Act No. 14 of 2008. The Authority started its operations in 2010 upon Gazettement of the Sacco Societies (Deposit-taking Sacco Business) regulations, 2010 on 18th June 2010.

The Authority is charged with the responsibility of overseeing the implementation of the provisions of the *Sacco Societies Act* and the Regulations made thereunder, with the main functions being the licensing of SACCO Societies to undertake deposit taking SACCO business and the regulation and supervision of designated SACCO Societies in Kenya. The two main regulations which have been made pursuant to the Act and which the Authority implements are the *Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010* which applies to the licensing, regulation and supervision of SACCOs undertaking deposit taking business; and the *Sacco Societies (Non-Deposit Taking Business) Regulations 2020* which applies to the authorization, regulation, and supervision of SACCOs undertaking specified Non-Deposit Taking business.

In addition, the Authority is responsible for overseeing the compliance of regulated SACCO Societies with the provisions of the *Proceeds of Crimes and Anti-Money Laundering Act, 2009 (POCAMLA)* pursuant to *Section 36A* thereof as read with the *First Schedule* thereto which lists the Authority as one of the supervisory bodies for purposes of the POCAMLA

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. *The* financial statements have

been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii)New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43 Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. *The Authority has lease for its rental premises. The standard will have an impact in reporting the same going forward.*
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. *The Authority does not have assets held for sale and hence the standard will not have an impact in reporting going forward*
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that

	satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. *The Authority has Property plant and equipment hence the standard will have an impact on reporting going forward*
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i) Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii)Clarifying transaction costs guidance to enhance consistency across IPSAS; iii) Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. *The standard will have an impact on reporting going forward*
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. *The Authority has Revenue from exchange and non exchange transactions hence the standard will have an impact on reporting going forward*
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This

	is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. *The Authority has no transfer to other entities hence the Standard will have no impact on reporting*
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. *The Authority has retirement benefits for its employees and hence the standard will have an impact on reporting going forward*

iii) Early adoption of standards

The Authority did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and Levies

The Authority recognizes revenues from fees and levies when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii)Revenue from exchange transactions
Rendering of services
The Authority being a financial regulator, does not render services that accrue revenue instead it levies SACCOs to meet its operational costs. However, occasionally the Authority can generate revenue from sale of goods and accrued interest from investment of excess funds. In the year under review, there was no revenue generated from sales of goods and accrued interest

b) Budget information

The original budget for the Current FY was approved by the National Assembly in May 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Taxes
On 20th March 2015, The National Treasury issued PFM Regulation No.34 which under section 219 exempts the Authority from paying taxes. The regulation requires corporations exempted from income tax to remit 90% of surplus to National Treasury.

d) Property, plant and equipment
All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual

assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Motor vehicles	8 years (12.5%)
Computer, hard wares and accessories	3.33 years (30.0%)
Office equipment	8 years (12.5%)
Furniture and Fittings	8 years (12.5%)
Intangibles	8 years (12.5%)

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
ii. Its intention to complete and its ability to use or sell the asset.
iii. How the asset will generate future economic benefits or service potential
iv. The availability of resources to complete the asset.
v. The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold

financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Authority has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit
Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment
The Authority assesses, on a forward-looking basis, the expected credit loss associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgements made by management in determining the expected credit loss.

b) Financial liabilities

Classification
The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) Provisions
Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

j) Contingent liabilities
The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent assets
The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the

asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Nature and purpose of reserves

Authority creates and maintains reserves in terms of specific requirements. The reserves maintained are Accumulated reserves that hold cumulatively balances of surplus or deficits arising from the Statement of Financial Performance, Revaluation reserves recording increase in carrying amounts of Property, Plant and Equipment upon professional valuation and Capital Reserve holding amounts for funds earmarked for capital expenditure.

m) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Related parties

The Authority regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority or vice versa.

Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers

p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily

convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

q) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation for Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur in line with IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

i. The condition of the asset based on the assessment of experts employed by the Authority.
ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
iii. The nature of the processes in which the asset is deployed.
iv. Availability of funding to replace the asset.
v. Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included

in Note 19. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6(a)	Levies	2024-2025	Restated 2023-2024	2023-2024
	Description	**Kshs**	**Kshs**	**Kshs**
	Deposit Levies from Sacco	639,248,886	638,196,678	638,196,678
	Less Capital expenses			
	Total	**639,248,886**	**638,196,678**	**638,196,678**

6(b)	Levies	2024-2025	Restated 2023-2024	2023-2024
	Description	**Kshs**	**Kshs**	**Kshs**
	Deposit Levies earned	639,248,886	638,196,678	638,196,678
	Adjustment for opening balance	79,262,529	2,809,861	2,809,861
	Adjustment for closing balance	(10,358,078)	(79,262,529)	(79,262,529)
	Total	**708,153,336**	**561,744,010**	**561,744,010**

The Authority derives its revenue from Statutory levy charged on deposit liabilities held by deposit-taking SACCOs. During the financial year 2024/2025, there was a marginal increase in levy income compared to the previous financial year.

7	Licenses Fees	2024-2025	Restated 2023-2024	2023-2024
	License Application fees	588,000	531,000	531,000
	Licence Renewal Fees	27,397,018	26,749,099	26,749,099
	Total	**27,985,018**	**27,280,099**	**27,280,099**

License application fees is paid by Regulated SACCOs when applying for license to carry out deposit taking business. Upon meeting all the regulatory requirements to operate as deposit-taking institutions, the Regulated Saccos pay the actual license/renewal fees.

In the financial year 2024/2025, both the license application and renewal fees recorded a marginal increase of 3% compared to the previous year.

8(a)	Use of goods and services	2024-2025	Restated 2023-2024	2023-2024
	Description	**Kshs.**	**Kshs.**	**Kshs.**
	Subscriptions staff club membership and software licenses	3,608,000	4,731,740	4,731,740
	Security costs	1,440,000	1,350,000	1,350,000
	Advertising ,promotion & corporate image	10,513,290	16,521,341	16,521,341
	Newspaper ,cleaning services & drinking water	2,542,259	2,241,206	2,241,206
	Electricity	814,764	816,844	816,844
	Audit fees	487,200	487,200	487,200
	ICT Consumables	5,962,466	3,197,657	3,197,657
	Software licences	13,212,620	21,686,284	21,686,284
	PC related expenses	6,701,203	15,759,582	15,759,582
	Office Consumables	1,809,602	1,456,596	1,456,596
	Legal expenses	60,450	3,782,125	4,365,624
	Postage expenses	203,650	146,500	146,500
	Printing and stationery	3,606,865	2,688,731	2,688,731
	Rent and rates	42,834,304	43,062,164	41,126,866
	Bank charges	712,002	671,013	671,013
	Telephone expenses	244,918	255,387	255,387
	Travel,accommodation,subsistence and hospitality & supplies	11,883,508	19,747,161	19,747,161
	Stakeholder engagement costs	8,007,355	5,294,376	5,294,376
	Supervision & research activities costs	54,344,082	81,208,775	81,208,775
	Training(Capacity development)	27,801,941	32,349,786	32,349,786
	Fuel and Oil	3,840,674	4,177,331	4,177,331
	Insurance for motorvehicles and Equipments	1,227,323	1,456,360	1,456,360
	Total	**201,858,474**	**263,088,158**	**261,736,360**

Total expenses relating to the use of goods and services decreased during the financial year 2024/2025 compared to the previous financial year. This reduction is largely attributed to exogeneous factors, which resulted in limited time for full implementation of planned activities under the corporate work plan. Consequently, several initiatives were scaled down and some deferred to next financial year.

8(b)	Use of goods and services	2024-2025	2023-2024	2023-2024
	Description	**Kshs**	**Kshs**	**Kshs**
	Total expenses for Use of Goods on accrual	201,858,474	261,736,360	261,736,360
	Less Rent Paid	(42,834,304)	(41,126,866)	(41,126,866)
	Adjustment for Opening balance	22,006,664	38,594,887	38,594,887
	Adjustment for closing balance	(27,452,984)	(20,656,739)	(20,656,739)
	Adjustment on Prepayments and receivables	(1,942,687)	(2,789,542)	(2,789,542)
	Total as per Cashflow statement	**151,635,164**	**235,758,099**	**235,758,099**
8©	**Rent Paid**	**42,834,304**	**41,126,866**	**41,126,866**

9(a)	Employee costs	2024-2025	Restated 2023-2024	2023-2024
	Description	**Kshs.**	**Kshs.**	**Kshs.**
	Salaries and wages costs	256,540,443	233,134,354	233,268,254
	Employer contributions to pension	26,548,856	19,152,606	19,152,606
	Staff Medical expenses	27,311,910	22,692,291	22,692,291
	Staff Welfare activities	1,099,431	2,247,490	2,247,490
	Provision for outstanding leave days and gratuity	8,613,733		4,838,905
	Employer contributions to Housing Levy Contribution	3,764,234	2,876,632	2,876,632
	Total	**323,878,608**	**280,103,372**	**285,076,178**

9(b)	Employee expenses	2024-2025	2023-2024	2023-2024
	Description	**Kshs**	**Kshs**	**Kshs**
	Employee expenses on Accrual	323,878,608	285,076,178	285,076,178
	Less provisions for leave	(8,613,733)	(4,838,905)	(4,838,905)
	Adjustment for Gratuity	-	7,729,841	7,729,841
	Total Employee cost	**315,264,875**	**287,967,114**	**287,967,114**

The increase in expenditure for the period under review is as a result of on boarding of new staff.

10	**Board Expenses**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs.**		**Kshs.**
	Sitting allowances for regular meetings	5,892,862	2,265,200	2,265,200
	Honoraria and airtime	1,020,000	1,020,000	1,020,000
	Other Board Expenses:			
	Other Board Expenses- Special meetings and workshops	21,171,761	26,457,485	26,457,485
	Total	**28,084,624**	**29,742,685**	**29,742,685**

11	**Depreciation and amortization expense**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	Property,plant and equipment	47,588,384	84,370,110	84,370,110
	Intangible assets	652,500	3,340,533	3,340,533
	Total	**48,240,884**	**87,710,643**	**87,710,643**

The decline in depreciation compared to the previous financial year is because most of Authority's assets are now fully depreciated and currently have nil carrying amount.

12	**Repairs and maintenance**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	ICT Equipment & other maintenance costs	346,731	603,622	603,622
	Motor Vehicles	3,074,993	3,816,698	3,883,571
	Total	**3,421,724**	**4,420,320**	**4,487,193**

13	**Gain on sale of asset**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	Gain on sale of Assets	658,000	-	-

Gain on sale of asset arose out of disposal of one of the Authority's Motor vehicle which had nil carrying amount.

14	**Cash & Cash Equivalents**	**2024-2025**	**2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	Bank	433,570,982	276,432,475	276,432,475
	Total	**433,570,982**	**276,432,475**	**276,432,475**
b	**Detailed Analysis of the Cash and Cash Equivalents**			
	Financial institution	**Account number**	**2024-2025**	**2023-2024**
	a) Current account		**Kshs**	**Kshs**
	Co-operative bank of Kenya	01120161308700	361,064,708	253,758,641
	KCB Account	1297552369	72,506,274	22,673,834
	Total		**433,570,982**	**276,432,475**

15	**Receivable from Non-Exchange transactions**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	Outstanding Levies	10,358,078	79,262,528	79,262,529
	Deposits and prepayments	9,149,423	11,941,919	11,941,919
	Receivables from staff accounts	2,029,860	1,180,052	981,152
	Total	**21,537,362**	**92,384,499**	**92,185,599**

16(a) Property, plant and Equipment	MOTOR VEHICLES	COMPUTER HARDWARE	PARTITIONS	OFFICE FURNITURE	OFFICE EQUIPMENTS	SUBTOTAL	WIP(FIRE SUPPRESSION)	TOTAL
Cost	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**		
At 30th June 2023	56,385,174	320,734,783	168,747,485	26,607,398	28,036,912	600,511,751	-	600,511,751
Additions	-	6,967,300	9,384,412	1,595,412	-	17,947,124	-	17,947,124
At 30th June 2024	56,385,174	327,702,083	178,131,897	28,202,810	28,036,912	618,458,875	-	618,458,875
Additions	-	2,984,000	-	-	-	2,984,000	2,579,376	5,563,376
Disposals	(2,100,000)	-	-	-	-	(2,100,000)		(2,100,000)
At 30th June 2025	**54,285,174**	**330,686,083**	**178,131,897**	**28,202,810**	**28,036,912**	**619,342,875**	**2,579,376**	**621,922,251**
Depreciation								-
At 30th June 2023	31,447,350	250,378,433	103,347,633	21,565,561	23,087,358	429,826,335	-	429,826,335
Depreciation	5,209,420	55,966,909	19,824,268	2,025,337	1,344,176	84,370,110	-	84,370,110
At 30th June 2024	36,656,770	306,345,342	123,171,901	23,590,898	24,431,534	514,196,445	-	514,196,445
Depreciation	4,720,958	19,136,102	20,675,346	1,743,335	1,312,644	47,588,384	-	47,588,384
Disposal	(2,100,000)	-	-	-	-	(2,100,000)	-	(2,100,000)
At 30th June 2025	**39,277,728**	**325,481,443**	**143,847,247**	**25,334,233**	**25,744,179**	**559,684,830**	-	**559,684,830**
Net book values								
At 30th June 2024	**19,728,404**	**21,356,741**	**54,959,996**	**4,611,911**	**3,605,378**	**104,262,430**	-	**104,262,430**
At 30th June 2025	**15,007,446**	**5,204,639**	**34,284,650**	**2,868,577**	**2,292,733**	**59,658,046**	**2,579,376**	**62,237,422**

16(b)Intangible Assets

Cost		**WIP(RBSS SYSTEM)**	**TOTAL**
	KShs	KShs	KShs
At 30th June 2023	53,996,329	-	53,996,329
Additions	-	6,270,000	6,270,000
At 30th June 2024	53,996,329	6,270,000	60,266,329
Additions	-	5,686,221	5,686,221
At 30th June 2025	**53,996,329**	**11,956,221**	**65,952,550**
Amortization			
At 1st July 2023	50,003,296	-	50,003,296
Depreciation	3,340,533	-	3,340,533
At 30th June 2024	53,343,829	-	53,343,829
Amortization	652,500	-	652,500
At 30th June 2025	**53,996,329**	-	**53,996,329**
Net book values			
At 30 June 2024	**652,500**	**6,270,000**	**6,922,500**
At 30th June 2025	-	**11,956,221**	**11,956,221**

16(c) If the assets were stated on historical cost basis the amounts would be as follows;

Description	**Cost**	**Accumulated Depreciation**	**NBV**
	Kshs.	Kshs.	Kshs.
Motor Vehicles	54,285,174	39,277,728	15,007,445
Computer Hardware	330,686,083	325,481,443	5,204,639
Partitions	178,131,897	143,847,247	34,284,650
Office Furniture	28,202,810	25,334,233	2,868,576
Office Equipment	28,036,912	25,744,179	2,292,733
Intangible Assets	53,996,329	53,996,329	-

Property Plant and equipment includes the following assets that are fully depreciated

Description	**Cost**	**Depreciation Charge**
Partitions	12,499,443	12,499,443
Motor Vehicles	22,296,925	22,296,925
Computers and Related Equipment	237,830,666	237,830,666
Office Equipment, Furniture and Fittings	45,031,697	45,031,697
Total	**317,658,731**	**317,658,731**

17	Staff Mortgage	2024-2025	Restated 2023-2024	2023-2024
	Description	Kshs	Kshs	Kshs
	Staff Car Mortgage	118,254,879	90,549,039	90,549,039

18	Trade and other payables	2024-2025	Restated 2023-2024	2023-2024
	Description	**Kshs**	**Kshs**	**Kshs**
	Trade payables	24,810,804	21,025,174	19,675,249
	Other payables	58,809,011	981,490	981,490
	Total	**83,619,814**	**22,006,664**	**20,656,739**

Included under other payables is an amount representing 90% of the Authority's surplus, which is payable to the Exchequer in line with regulatory requirements. In accordance with Section 219(2) of the Public Finance Management (PFM) Act Regulations, regulatory authorities are mandated to remit ninety percent (90%) of their audited surplus funds to the Consolidated Fund after the close of each financial year.

19	Current Provisions			
		Leave benefits	**Audit Fees**	**Total**
		Kshs	**Kshs**	**Kshs**
	Opening Balances	4,838,906	487,200.00	5,326,106
	Restatement of opening balances	(4,838,906)	-	(4,838,906)
	Restated Opening balance	-	**487,200**	**487,200**
	Provision utilised		(487,200)	(487,200)
	Provision for FY 2024/25	8,613,732	487,200	9,100,932
	Balance as at 30 June 2025	**8,613,732**	**487,200**	**9,100,932**

20	Capital Reserve	2024-2025	Restated 2023-2024	2023-2024
	Balance b/f	799,467,544	798,467,121	798,467,121
	Interest on car loan and Mortgage	538,280	1,000,425	1,000,425
		800,005,824	**799,467,546**	**799,467,546**

21	**Accumulated surplus/deficit**	**2024-2025**	**Restated 2023-2024**	**2023-2024**
	Description	**Kshs**	**Kshs**	**Kshs**
	Balance b/f as July 2024	(264,410,465)	(264,822,064)	(264,822,064)
	Prior year adjustments:		3,687,880	
	Surplus/ (Deficit) for the Period	62,407,590	(3,276,281)	(3,276,281)
	90% Surplus due to Exchequer	(56,166,831)		
		(258,169,706)	**(264,410,465)**	**(268,098,345)**

22	**Revaluation Surplus**	**2024-2025**		**2023-2024**
		13,000,000		**13,000,000**

23. Cash generated from Operations

Description	**FY 2024/25**	**FY 2023/24**
	Kshs	**Kshs**
Surplus for the year before tax	**61,749,590**	**(3,276,281)**
Adjusted for:		
Depreciation	48,240,884	87,710,643
Provision for surplus due to Exchequer	(56,166,831)	-
Working Capital Adjustments		
Decrease/(Increase) in current receivables	70,847,138	(73,663,125)
Increase/(Decrease) in current payables	70,226,882	(20,829,082)
	194,897,664	**(10,057,845)**

24. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit, capital and liquidity risks. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority's financial risk management objectives and policies are detailed below:

i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay full amounts when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as receivables. Management assesses the credit quality of its counterparties, the financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	21,537,362	11,179,283	10,358,078	-
Bank balances	433,570,982	433,570,982	-	-
Total	**455,108,344**	**444,750,264**	**10,358,078**	**-**
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	92,384,499	92,384,499	-	-

Bank balances	276,432,475	276,432,475	-	-
Total	**368,816,974**	**368,816,974**	**-**	**-**

Financial Risk Management

Debtors under the fully performing category are paying their debts as they fall due. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's board of directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Notes to the Financial Statements (Continued)

iii) Capital Risk Management

The objective of the Authority's capital risk management is to safeguard the Authority's ability to continue as a going concern. The Authority capital structure comprises of the following funds:

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Revaluation Reserve	13,000,000	13,000,000
Retained Earnings	(258,169,706)	(264,410,465)
Capital Reserve	800,005,824	799,467,544
Total Funds	**554,836,118**	**548,057,079**
Less: Cash and Bank Balances	(433,570,982)	(276,432,475)
Net Debt/(Excess Cash and Cash Equivalents)	121,265,136	271,624,604
Gearing	22%	49%

25. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

26. Ultimate And Holding Entity

The Authority is a State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprise (MSME) Development. Its ultimate parent is the Government of Kenya.

27. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The Auditor's opinion on the Authority Annual report and Financial Statements for the previous Financial Year was unmodified/Unqualified opinion. Status of Emphasis of the matter is as below;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs 806,946,084 and Kshs 769,027,085 respectively resulting in under- realization of Kshs 37,918,999 of the budget. However the Authority spent an amount of Kshs 722,970,181 against actual receipts of Kshs 769,027,085 resulting in an underutilization of Ksh 46,056,903 of actual receipts. The under realization and underutilization affected the planned activities and may have impacted negatively on service delivery to the public	The Authority had a total budget of Kshs. 806,946,084, while the total collections amounted to Kshs. 769,027,085, resulting in a 5% revenue shortfall of Kshs. 37,918,999. Total expenditure for the year was Kshs. 722,970,181 against actual receipts of Kshs. 769,027,085, leading to an under-absorption of 5.9%, amounting to Kshs. 46,056,903. The revenue shortfall and under-absorption impacted the implementation of planned activities during the year under review. These activities were scheduled for execution in the FY 2024/25.	Resolved	30th June 2025

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Ag. C.E.O

Date: 6/11/2025