REPUBLIC OF KENYA

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SNA
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THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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REPORT ON:

THE SACCO SOCIETIES (AMENDMENT) BILL (*NATIONAL ASSEMBLY BILL NO. 32 OF 2025*)

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 03 NOV 2026
DAY: Tuesday
TABLED BY: Chairperson, DC on Trade, Industry and Cooperatives
CLERK-AT-THE-TABLE: Gertrude Cheset

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
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LIST OF ABBREVIATIONS AND ACRONYMS

AGM	-	Annual General Meeting
Cap.	-	Chapter
CBK	-	Central Bank of Kenya
CBS	-	Chief of the Burning Spear
CEO	-	Chief Executive Officer
CIO	-	Chief Information Officer
COFEK	-	Consumer Federation of Kenya
CPA	-	Consumer Protection Act
DCI	-	Directorate of Criminal Investigation
DDC	-	Directorate of Departmental Committees
DGF	-	Deposit Guarantee Fund
DT	-	Deposit Taking
DT-SACCOs	-	Deposit Taking Savings and Credit Corporative Organisations
EACC	-	Ethics and Anti-Corruption Commission
EGH	-	Elder of the Golden Heart
FAAA	-	Fair Administrative Action Act
FinTech	-	Financial Technology
FSCS	-	Financial Services Compensation Scheme
ICT	-	Information, Communication and Technology
KAFOSA	-	Kenya Association of Front Office Service Activities
KANU	-	Kenya African Union
KDIC	-	Kenya Deposit Insurance Corporation
KUSCCO	-	Kenya Union of Savings and Credit Cooperatives
LSK	-	Law Society of Kenya
Ltd	-	Limited
MSMEs	-	Micro, Small and Medium Enterprises
NPLs	-	Non-Performing Loans
N-WDT	-	Non-Withdrawal Deposit Taking
ODM	-	Orange Democratic Movement
SACCO	-	Savings and Credit Cooperative Organisation
SASRA	-	Sacco Societies Regulatory Authority
SMEs	-	Small and Medium Entreprises
TIC	-	Trade, Industry and Cooperatives
UDA	-	United Democratic Alliance
UK	-	United Kingdom
WDM-K	-	Wiper Democratic Movement Kenya

LIST OF ANNEXURES

1. Adoption Schedule of the Report

2. Minutes
   Minutes of the 64th Sitting
   Minutes of the 63rd Sitting
   Minutes of the 62nd Sitting
   Minutes of the 42nd Sitting;
   Minutes of the 41st Sitting;
   Minutes of the 30th Sitting;
   Minutes of the 29th Sitting; and
   Minutes of the 27th Sitting

3. Copy of the Newspaper Advertisement

4. Copy of the Letters Inviting Stakeholders for the Meeting
   Ref: NA/DDC/TIC/2026/037;
   Ref: NA/DDC/TIC/2026/036;
   Ref: NA/DDC/TIC/2026/035;
   Ref: NA/DDC/TIC/2026/029; and
   Ref: NA/DDC/TIC/2026/028

5. A Copy of the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*)

6. Matrix of the Bill

7. Witness Attendance Register for the Stakeholder Engagement Meetings

CHAIRPERSON'S FOREWORD

This report presents the proceedings of the Departmental Committee on Trade, Industry and Cooperatives on its consideration of the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2026*), which was published on 30th June 2025. The Bill underwent its First Reading on 1st April 2026 and was subsequently committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and reporting to the House, pursuant to the provisions of Standing Order 127.

Comprising nine (9) clauses, the Bill seeks amend the Sacco Societies Act, Cap. 490B, to provide for the establishment of secondary Sacco societies, and regulate the conduct of central liquidity and shared services business by secondary Sacco societies. The Bill also proposes to amend the principal Act to facilitate the operationalisation of the Deposit Guarantee Fund and align the appointment of members of the Board of Trustees of the Fund with best international practices.

In considering the Bill, the Committee observed that the proposed amendments to the Sacco legislative framework represent a significant attempt to modernise the regulation, supervision, and stability of the cooperative financial sector in Kenya. The reforms are broadly anchored on strengthening prudential oversight, enhancing governance standards, improving liquidity management, and reinforcing the protection of members' deposits through a more structured guarantee framework.

The Committee further observed that the Bill attempts to address the gaps in operationalisation of the Deposit Guarantee Fund by restructuring the Board of Trustees, inserting a good faith liability protection for trustees and officers, clarifying the claims procedure, and introducing a *Gazette*-based commencement mechanism for DGF payments.

In its deliberations, the Committee went through all the amendments and views submitted by stakeholders and adopted some, which form part of the amendments proposed by the Committee.

In accordance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Committee placed advertisements in the print media on 10th April 2026 requesting for comments on the Bill from the public and relevant stakeholders. Further, through letters Ref: NA/DDC/TIC/2026/037, NA/DDC/TIC/2026/036 and NA/DDC/TIC/2026/035 dated 6th May 2026; and Ref: NA/DDC/TIC/2026/029 and NA/DDC/TIC/2026/028 dated 22nd April 2026, the Committee invited stakeholders to a public engagement session on Thursday, 30th April 2026 and Wednesday, 13th May 2026. During these meetings, eleven (11) stakeholders made oral submissions before the Committee and twelve (12) stakeholders sent memoranda.

The Committee wishes to extend its sincere appreciation to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support extended throughout its sessions. We also acknowledge the valuable input from all the stakeholders that submitted their memoranda and attended the stakeholder engagement meeting. Lastly, I express my deep gratitude to the Honourable Members of the Committee and the Committee Secretariat for their dedication and contributions to the development and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives, and pursuant to Standing Order 199(6), it is my privilege and honour to present to this House the Committee's Report on the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*).

Having considered the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*), the Committee recommends that the House approves the Bill with amendments as outlined in the Schedule under Chapter Seven of this Report.

03/11/2026

Hon. Benard Masaka Shinali, CBS, MP
Chairperson,
Departmental Committee on Trade, Industry and Cooperatives

CHAPTER ONE

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to Standing Order 216 (5) is as follows:

   i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. ***To study and review all the legislation referred to it;***
   v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

1.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.

3. In executing its mandate, the Committee oversights the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs Development.

1.3 Committee Membership

4. The Departmental Committee on Trade, Industry and Cooperatives was reconstituted by the House on 5th March 2025 and comprises the following Members:

Chairperson
Hon. Bernard Masaka Shinali, CBS, MP
Ikolomani Constituency
ODM Party

Vice-Chairperson
Hon. Marianne Jebet Kitany, MP
Aldai Constituency
UDA Party

Hon. Adhe Wario Guyo, MP
North Horr Constituency
KANU

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
ODM Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North Constituency
UDA Party

Hon. (Dr.) Beatrice Kahai Adagala, MP
Vihiga County
ANC Party

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. John Okano Bwire, MP
Taveta Constituency
WDM-K Party

Hon. Joyce Kamene, MP
Machakos County
WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency
ODM Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency
UDA Party

Hon. (Dr.) Wilberforce Ojiambo Oundo, MP
Funyula Constituency
ODM Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Ms. Laureen Omusa Wesonga
Senior Clerk Assistant/Head of Secretariat

Ms. Carolyne Musyoka
Hansard Reporter II (Clerk Assistant)

Ms. Doreen Karani
Principal Legal Counsel II

Mr. Peter Barasa
Legal Counsel I

Ms. Pauline Sifuma
Hansard Officer II

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Peris Kaburi
Assistant Serjeant-at-Arms II

Mr. Sidney Lugaga
Principal Legal Counsel II

Ms. Priscilla Wangu
Fiscal Analyst II

Ms. Priscilla Saidi
Research Officer III

Ms. Margaret Wainaina
Public Relations Officer III

Mr. Kelvin Lengasi
Audio Assistant II

CHAPTER TWO

2.0 BACKGROUND OF THE SACCO SECTOR IN KENYA

2.1 Introduction

6. The Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*) arises from a broader Government effort to reform and modernise Kenya's cooperative financial sector, which has grown significantly but continues to face structural and regulatory weaknesses.

2.2 Situational Analysis

7. Kenya has come a long way with the SACCOs hence making them as key institutions in the financial sector in the country. SACCOs are crucial for providing financial services (savings, credit and insurance) to populations often underserved by commercial banks, especially in rural areas and the informal sector. They promote a culture of savings.

8. SACCOs are critical in the economy of Kenya since they promote savings and provide affordable credit (primarily for development, education, housing, and SMEs), SACCOs directly contribute to economic growth, poverty reduction, and wealth creation at the grassroots level.

9. Deposit-Taking (DT-SACCOs) are licensed and supervised by the SACCO Societies Regulatory Authority (SASRA). They are authorised to mobilise deposits from the public (including non-members) and offer a wider range of banking-like services.

10. Non-Deposit Taking (Non-DT SACCOs) primarily serve specific employee groups or communities. They mobilise savings and provide credit only to their members. Regulated by the Commissioner for Cooperatives under the Ministry of Cooperatives and MSMEs Development.

11. The SACCOs in Kenya collectively hold assets exceeding Kshs. 800 billion, making them a dominant force in the cooperative financial sector. Over 14 million Kenyans are members of SACCOs representing roughly 25-30% of the adult population.

12. Members of a SACCO form the supreme authority. They participate in the Annual General Meeting (AGM), where they pass resolutions, elect committee members, and approve key decisions. Board of Directors (or Management Committee) are elected by the general membership at the AGM. The Board of Directors is the governing body responsible for policy-making and overall management of the SACCO. It is a non-executive body, and its members typically serve for a specific period as stipulated by the society's by-laws. The board includes positions such as the Chairman, Vice-Chairman, Treasurer, and Honorary Secretary.

13. Supervisory Committee is an independent committee, also elected at the AGM, whose main function is to verify all transactions and ensure the SACCO's operations are in line with its by-laws and the law. They report to both the management committee and the members during the AGM. Members

of the supervisory committee are often prohibited from being part of the management committee to ensure independence.

14. The day-to-day operations of the SACCO are managed by a professional team led by a Chief Executive Officer (CEO). The CEO and other departmental managers (e.g. in finance, credit, and marketing) are responsible for implementing the policies and strategies approved by the Board.

15. SACCO Societies Regulatory Authority (SASRA) was established under the Sacco Societies Act of 2008, SASRA is the principal government agency responsible for the supervision and regulation of SACCOs.

2.3 Challenges Experienced in the Sacco Sector in Kenya

16. SACCOs face stiff competition from traditional banks, microfinance institutions, and FinTech companies.

17. Technological and infrastructure gaps is one of the most significant challenges, particularly for smaller SACCOs.

18. The Sacco Societies Regulatory Authority (SASRA) is intensifying its oversight with new regulations, including stricter capital adequacy requirements, enhanced reporting obligations, and governance standards. This evolving framework can be a challenge for SACCOs, especially those with limited resources. Failure to comply can lead to fines or license revocations.

19. Non-performing loans and member defaults remain a persistent challenge, especially during economic downturns, impacting the SACCO's cash flow and financial stability.[i]

20. With increasing digitalisation, SACCOs are more vulnerable to cybercrime and fraudulent activities.

21. While a large percentage of SACCO members are involved in agriculture, the sector remains largely underserved by SACCO lending. Only a small fraction of SACCO lending goes towards agricultural purposes.

22. SACCOs are currently unable to directly engage in cross-border remittances due to regulatory constraints, losing a potential revenue stream and opportunity to serve their members more effectively.

23. Many SACCOs struggle to attract and retain younger, tech-savvy members who prefer the instant, on-demand services offered by FinTechs. This poses a long-term sustainability risk for the sector's membership base.

2.4 Current Legal and Policy Framework in SACCOs

Some of the legal provisions that touch on the SACCOs in Kenya include:

24. **The Sacco Societies Act, Cap 490B** provides for the licensing, regulation, supervision, and promotion of SACCOs in Kenya, with the core goal of enhancing their stability, professionalism, and protection of members' savings. The Act establishes the Sacco Societies Regulatory Authority (SASRA) as the sole regulator for SACCOs. This was the most significant outcome of the Act, as it created a dedicated body with the mandate to enforce prudential standards, similar to the Central Bank of Kenya's role for commercial banks.

25. **The Cooperative Societies Act, Cap. 490** is the foundational law for all cooperative societies in Kenya, including SACCOs, agricultural cooperatives, housing cooperatives, and others. While the Sacco Societies Act of 2008 introduced a specialised regulatory framework for SACCOs, the parent Co-operative Societies Act remains the primary legal instrument that governs their formation, general administration, and adherence to cooperative principles.

26. **The Cooperative Societies Bill, 2024**, is a proposed law in Kenya that aims to repeal and replace the existing Cooperative Societies Act, Cap. 490. It is not yet an enacted law, but it has been undergoing significant debate and review in Parliament. The Bill is a major legislative effort to modernise the cooperative sector, address long-standing challenges of mismanagement, and align the movement with the country's devolved system of governance.

2.5 Comparative Analysis

27. In the **UK**, the legislative framework for the sector is provided for under the Credit Unions Act, 1979 and it is regulated by the Financial Conduct Authority and Prudential Regulation Authority. The sector is governed by an Integrated financial sector model; credit unions treated similarly to other deposit-taking institutions.

28. Members' deposits are protected under the Financial Services Compensation Scheme (FSCS). The institutional framework provides for decentralised credit unions with no formal secondary tier. The sector has strong governance including "fit and proper" tests and board accountability, has advanced digital financial services with innovation that is market-driven and its policy objective is consumer protection and financial system stability.

29. In **Rwanda**, the sector is supervised by the National Bank of Rwanda with a highly centralised and standardised SACCO model (Umurenge SACCO system).

30. Members' deposits are protected under the evolving Central Bank framework that is less formalised than UK. The institutional framework is a uniform government-supported Umurenge SACCOs across districts with standardised governance structures across SACCOs with strong State oversight. There is a strong integration with national payment systems and financial inclusion platforms with universal access, financial inclusion, and system coordination.

CHAPTER THREE

3.0 OVERVIEW OF THE SACCO SOCIETIES (AMENDMENT) BILL (*NATIONAL ASSEMBLY BILL NO. 32 OF 2025*)

3.1 Introduction

31. The Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*), is sponsored by Hon. Kimani Ichung'wah, EGH, MP, Leader of the Majority Party. The Bill was published on 30th June 2025, underwent First Reading on 1st April, 2026 and was thereafter committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and to facilitate public participation pursuant to Standing Order 127.

32. The Sacco Societies Act, Cap. 490B, establishes the Sacco Societies Regulatory Authority (SASRA) and provides for the licensing, regulation, and supervision of deposit-taking Sacco societies in Kenya. The Act also establishes the Deposit Guarantee Fund (DGF), managed by a Board of Trustees, to protect members' deposits in the event of a Sacco society's insolvency.

33. The Bill seeks to address two distinct gaps in the principal Act: absence of a regulated Central liquidity framework; and failure to operationalise the Deposit Guarantee Fund.

3.2 Objective of the Bill

34. The primary objective of the Sacco Societies (Amendment) Bill, 2025 is to:

    i. establish a regulated framework for central liquidity and shared services business;
    ii. put in place '*interbank*' market access for the Sacco sector through licensed secondary co-operative societies;
    iii. introduce governance reforms for the Deposit Guarantee Fund Board of Trustees in conformity with *Mwongozo*;
    iv. operationalise the Deposit Guarantee Fund; and
    v. introduce criminal liability for unlicensed central liquidity and shared services business.

3.3 Potential Impact of the Bill

35. The Sacco Societies (Amendment) Bill, 2025 will have a significant impact on Saccos by creating a new, centralised framework for managing liquidity and shared services. Through:

    i. **Formation of a Secondary Society:** The Bill allows thirty or more Saccos to form a "*secondary co-operative society*". This new body will serve its member Saccos, not individual people.

    ii. **Centralised Financial Services:** This secondary society will be able to perform several new functions for its members, including:
        a) holding and maintaining a "*liquidity reserve account*" for each member Sacco.

b) receiving deposits and offering short-term lending to member Saccos.
c) facilitating inter-Sacco lending and payment settlement.
d) investing in Government securities.

iii. **Increased Regulation:** The Sacco Societies Regulatory Authority (SASRA) will have expanded powers to license, regulate, and supervise these new secondary societies. This includes setting capital and liquidity requirements, approving the appointment of board members and senior officers, and regularly collecting data.

iv. **New Governance Structure:** Any Sacco that joins a secondary co-operative society will be subject to a new governance structure, which will include a Board of Directors and a Chief Executive Officer.

v. **Changes to the Deposit Guarantee Fund:** The Bill also amends the Sacco Societies Act to change the qualifications for the chairperson and other members of the Board of Trustees of the Deposit Guarantee Fund. The chairperson must now have at least fifteen years professional experience in fields like banking, law, or economics.

3.4 Clause by Clause Provisions of the Bill

36. **Clause 1** of the Bill provides for the short title of the Act.

37. **Clause 2** proposes the amendment of section 2 of the Sacco Societies Act to include new definitions of "*central liquidity and shared services business*", "*liquidity reserve account*", "*member Sacco*" and "*secondary co-operative society*".

38. **Clause 3** proposes to amend section 3 of the Principal Act to provide that the Act shall apply to central liquidity and shared services business.

39. **Clause 4** of the Bill provides for amendment of section 5 of the principal Act to provide that the Sacco Societies Regulatory Authority may license, regulate and supervise central liquidity and shared services business.

40. **Clause 5** amends the principal Act by inserting a new Part in respect of central liquidity and shared services business. The new Part contains provisions regarding the formation of a secondary Sacco society; the permitted activities relating to the conduct of central liquidity and shared services business; prohibited activities; the requirement for a code of conduct and rules by secondary Sacco societies; the application for and issuance of a license to conduct central liquidity and shared services business by a secondary co-operative society; the power of the Authority to prescribe capital and liquidity requirements for secondary Sacco societies; the governance structures of secondary Sacco societies; the powers of the Authority in respect of the conduct of central liquidity and shared services business; offences and penalties in respect of central liquidity and shared services business; and the powers of the Authority to make Regulations in respect of the conduct of central liquidity and shared services business.

41. **Clause 6** provides for the amendment of section 56 of the principal Act to provide for the appointment and qualifications of the chairperson of the Board of Trustees of the Deposit Guarantee Fund; and the inclusion of the Principal Secretary to the National Treasury and Principal Secretary responsible for matters relating to Sacco societies as members of the Board of Trustees of the Fund. The proposed amendments also provide for the persons who are not qualified to be appointed as members of the Board of Trustees of the Fund.

42. **Clause 7** proposes the amendment of the Principal Act to include a new section 57A in respect of the protection from personal liability of the members of the Board of Trustees or officers, employees, agents or servants of the Deposit Guarantee Fund.

43. **Clause 8** provides for the amendment of section 59 of the principal Act to provide for the manner of making claims to the Deposit Guarantee Fund after Sacco society's authorisation or license has been revoked by the Authority.

44. **Clause 9** proposes the amendment of the principal Act to include a new section 59A to provide for the date from which the payments of claims out of the Deposit Guarantee Fund may be made.

45. The Bill delegates legislative powers to the Sacco societies Regulatory Authority but does not limit fundamental rights and freedoms.

46. The Bill concerns county governments in terms of Article 110(1)(a) of the Constitution as it contains provisions that affect the functions and powers of the county governments as set out in the Fourth Schedule to the Constitution. Paragraph 7(e) of Part 2 of the Fourth Schedule to the Constitution provides that cooperative societies is a function of county governments.

47. Enactment of the Bill may occasion additional expenditure of public funds.

CHAPTER FOUR

4.0 STAKEHOLDER ENGAGEMENT ON THE SACCO SOCIETIES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 32 OF 2025)

48. Following the call for memoranda from the public through placement of an advertisement in the print media on 10th April 2026 and vide letters Ref: NA/DDC/TIC/2026/037, NA/DDC/TIC/2026/036 and NA/DDC/TIC/2026/035 dated 6th May 2026; and Ref: NA/DDC/TIC/2026/029 and NA/DDC/TIC/2026/028 dated 22nd April 2026, inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders on the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*):

    i. Divine Harvest SACCO;
    ii. Taqwa SACCO;
    iii. Mr. Gikonyo Ndugu;
    iv. Mr. Innocent Ooga Abuya;
    v. Mr. Abraham Leonard Ondieki;
    vi. Mr. Sidney Ngaruri Njau;
    vii. Cooperative Alliance of Kenya;
    viii. Mr. Stephen Nduati;
    ix. Kenya Deposit Insurance Corporation;
    x. Consumer Federation of Kenya;
    xi. State Department for Cooperatives;
    xii. Ms. Hannah Wangari Lemaiyan/Mr. Darius Mogaka Riro;
    xiii. Mr. Anthony Ngugi Wangari;
    xiv. Caesar Broadrick and Associates;
    xv. Nairobi City County: Office of the County Attorney;
    xvi. Kenpipe DT Co-operative Savings & Credit Society Ltd;
    xvii. Kenya Association of Front Office Service Activities (KAFOSA);
    xviii. Central Bank of Kenya;
    xix. Mr. Eddie Mbugua Gicho;
    xx. Credence Africa;
    xxi. Law Society of Kenya Sacco Society Ltd; and
    xxii. Allan Mulama Advocates

    The stakeholders submitted as follows:

4.1 Divine Harvest SACCO

In a meeting with the Committee held on Thursday, 30th April 2026, Mr. Tom Kimaru, Chairman of the Divine Harvest SACCO proposed the following amendments to the Bill:

49. Amend the Bill to create distinct compliance tiers for large Deposit Taking SACCOs and smaller community entities.

50. Link DGF contributions to a SACCO's individual risk profile and transparency score.

51. Introduce clauses holding directors and CEOs personally and pecuniarily liable for losses due to gross negligence.

52. Establish a SACCO-specific enforcement unit with powers to freeze assets and prosecute swiftly.

53. Require a Member's Fact Sheet detailing liquidity and insider loan ratios to be issued 14 days before the AGM.

Committee's Observation/Recommendation

The amendments proposed by the Sacco were not on the amendments proposed in the Bill. The Committee therefore did not adopt the amendments.

4.2 Taqwa SACCO

In a meeting with the Committee held on Thursday, 30th April 2026, Ms. Dunia Abdi Jarso, Chief Executive Officer of Taqwa Sacco submitted as follows:

54. Membership in secondary SACCOs should remain voluntary, governance structures should ensure transparency, accountability, and equitable representation, the framework should explicitly provide for participation of Shariah-compliant secondary, and cost structures be regulated to prevent undue financial burden.

55. Liquidity facilities should accommodate non-interest-based financing mechanisms such as profit-sharing, commodity-backed transactions or other Shariah-compliant instruments, participation frameworks should be flexible to allow parallel Shariah-compliant liquidity windows, and governance systems should not disadvantage institutions operating under alternative financial principles.

56. The structure of the Deposit Guarantee Fund (DGF) should accommodate Shariah-compliant deposit protection models, contributions be risk-based and proportionate, consideration of Islamic finance contractual arrangements, such as profit-sharing investment accounts, and safeguards to protect smaller and specialised SACCOs from financial strain.

57. Governance of the DGF should have representation of diverse SACCO models such as Shariah-compliant institutions, expertise in Islamic and cooperative finance, and ensuring a transparent and merit-based appointment process.

58. Regulatory requirements should take into account the size, complexity, and operational models of SACCOs, with practical and consultative implementation timelines, and explicitly recognising and providing guidance for Shariah-compliant SACCO operations.

59. The Act should explicitly recognise Shariah-compliant finance, regulations and guidelines to support non-interest-based products and services be developed, establishment of Shariah governance structures, and continued engagement with stakeholders in Islamic finance.

Committee's Observation/Recommendation

The amendments proposed by the Sacco were not on any specific clauses of the Bill. The Committee therefore did not adopt the amendments.

4.3 Mr. Gikonyo Ndugu

In a meeting held on Thursday, 30th April 2026, Mr. Gikonyo Ndugu, a delegate from Stima Sacco submitted as follows:

60. That the Bill be amended by providing for a mandatory minimum protection of Kshs. 1 million per member because the operationalisation of the DGF must reflect modern financial realities.

Committee's Observation/Recommendation

The Committee amended subsection 59(1) of the Act to increase the maximum protection from Kshs. 100,000 to Kshs. 500,000.

61. A tiered SACCO regulatory framework should be adopted to allow for growth-appropriate regulation while securing the 1 million plus savings of modern professionals.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee as it was not necessary.

62. Functions of the Commissioner for Cooperative Development should be consolidated into a specialised department in SASRA to eliminate overlapping mandates.

Committee's Observation/Recommendation

The Commissioner for Cooperatives oversees all cooperatives in the country while SASRA's mandate is limited to Saccos. The two entities have distinct mandates hence no possibility of overlap.

63. Require all SACCOs to share their health reports via digital links to ensure transparency and empower members.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.4 Mr. Innocent Ooga Abuya

In a meeting with the Committee held on Thursday, 30th April 2026, Mr. Innocent Abuya, a delegate of Magereza DT SACCO proposed the following amendments to the Bill:

64. Amend clause 5 by restricting participation of entities with adverse financial or regulatory findings, guaranteeing voluntary membership, requiring fit and proper vetting for all promoters and directors, and providing exit rights within 90 days without penalty. This will prevent transfer of systemic risks from apex institutions to member SACCOs.

    Committee's Observation/Recommendation

    This amendment was not adopted by the Committee.

65. Amend clause 6 to extend disqualification period to five years for former SACCO officials, and to include a consumer protection representative nominated by COFEK.

    Committee's Observation/Recommendation

    This amendment was not adopted by the Committee.

66. Amend clause 8 to increase the deposit protection minimum to Kshs. 500,000 per member, and to require mandatory review of the threshold every three years by a Gazette Notice.

    Committee's Observation/Recommendation

    The Committee adopted their proposal and amended subsection 59(1) to revise the protection for members' deposits by the Deposit Guarantee Fund from Kshs. 100,000 to Kshs. 500,000.

67. Amend clause 9 by introducing a 12-to-24-month statutory commencement deadline from the date of assent, and to provide members the right to seek judicial enforcement in the event of non-compliance.

    Committee's Observation/Recommendation

    This amendment was not adopted by the Committee.

68. Provide for mandatory investigation to commence within 90 days of reported irregularities, binding remediation directives where NPLs exceed 20%, and independent supervisory performance audits.

    Committee's Observation/Recommendation

    This amendment was not adopted by the Committee.

69. Provide for mandatory SASRA investigation within 90 days of a reported event, reporting of findings to the CS and Parliament, referral of criminal prosecution of responsible officers, and restriction of dividends and bonuses until accounting records are restored or accounted for.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

70. Provide that audited accounts and financial statements to be submitted at least 21 days before the AGM, statutory whistleblower protection, and rebuttable presumption of retaliation for adverse actions against a delegate within 12 months of a disclosure.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

71. Introduce a minimum 24-month transition period from the date of assent, require Parliamentary approval of subsidiary regulations before implementation, and prohibit penalties or sanctions during transition period.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

72. Provide for mandatory sharing of audited accounts within 21 days of adoption by the secondary SACCO, full disclosure of member-specific balances, loans issued and NPLs and related-party transactions, and standing for member SACCOs to challenge non-disclosure before SASRA or the Cooperative Tribunal.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

4.5 Mr. Abraham Leonard Ondieki

In a meeting with the Committee held on Thursday, 30th April 2026, Mr. Abraham Ondieki, a concerned Kenyan, submitted the following amendments to the Bill:

73. Amend clause 4 to limit SASRA's authority to prudential supervision of deposit-taking SACCO's only.

Committee's Observation/Recommendation

The role of the Commissioner for Cooperative Development is to register, regulate, develop and oversight all cooperative societies in Kenya while the role of SASRA is to

license, regulate and supervise SACCOs in Kenya. When a cooperative society transitions to a SACCO, it falls under jurisdiction of SASRA hence no dual regulation between the two entities.

74. Amend clause 5 to replace criminal sanctions with graduated administrative remedies.

Committee's Observation/Recommendation

The Committee rejected the proposal on the grounds that graduated administrative remedies are insufficient for conduct that is criminal in nature.

75. Amend clause 6 by increasing the coverage and guaranteeing automatic interim payouts.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

76. Amend clause 7 by restricting Tribunal to appellate questions of law only.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

77. Amend clauses 4 to 7 by harmonising reforms with the Cooperatives Act.

Committee's Observation/Recommendation

This amendment was not adopted by the Committee.

4.6 Mr. Sidney Ngaruri Njau

In a meeting with the Committee held on Thursday, 30th April 2026, Mr. Sidney Njau, a concerned Kenyan submitted as follows:

78. Provision should be made that project threshold should be within the pre-approved annual budget and verified by the internal auditor, there should be three independent quotes and a technical feasibility study signed by a certified professional, SASRA must issue certificate of no objection for projects exceeding 2% of the SACCO's core capital to ensure that the project doesn't threaten liquidity, and there should be direct member voting on specific project line items.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee because it can be provided for in Sacco by-laws.

79. Any evidence of fraud must be reported to DCI and EACC, concealing information on a SACCO's financial distress or fraudulent activities should be criminalised, and there should be independent forensic audits to prevent conflict of interest and covering up of financial messes within the sector.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee because it is already provided for in the law.

80. All board members and C-suite executives must have professional indemnity insurance, SASRA should have powers to issue summary surcharge orders, and there should be a publicly accessible digital register where SACCO board members declare interest in companies bidding for tenders.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

81. Shared services framework should be made compulsory for internal audit and procurement systems.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.7 Cooperative Alliance of Kenya

In a meeting with the Committee held on Wednesday, 13th May 2026, Mr. Daniel Marube, CEO of the Cooperative Alliance of Kenya proposed the following amendments to the Bill:

Clause 2

82. Amend definition of "*member Sacco*" by deleting the words "*deposit taking Sacco*" and substituting as follows, "*Member Sacco means a Sacco Society undertaking Sacco business that is a member of a secondary cooperative society*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the proposal if adopted is likely to defeat the objective of establishing primary saccos forming secondary saccos for purposes of Central liquidity and shared services businesses.

83. Amend definition of "*central liquidity*" by inserting the word "*/or*" immediately before the words "*shared services*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as amending the definition to incorporate the proposal is likely to act contrary to the definition of central liquidity and shared services as provided for in the Bill.

84. Amend definition of "secondary cooperative" to read as follows, "*secondary cooperative means a cooperative society registered under the Cooperative Societies Act that carries on central liquidity and/or shared services business and whose membership is restricted to Sacco societies who are undertaking Sacco business in accordance with this Act*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as amending the definition to incorporate the proposal is likely to act contrary to the definition of central liquidity and shared services as provided for in the Bill.

Clause 5

85. Amend clause 5 under section 28A either by increasing the minimum number of Sacco societies or approaching it from a maximum number of Sacco societies that will influence the minimum number.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

86. Amend the clause by deleting section 28B (g).

Committee's Observation/Recommendation

This proposal was adopted by the Committee because the Sacco sector's regulatory framework and regulator is able to regulate the CLF and it's therefore not necessary to bring in CBK's regulation.

87. Amend the clause under section 28B (o) by deleting the word "*prescribed*" and substituting with the word "*authorised*".

Committee's Observation/Recommendation

This proposal was rejected by the Committee because prescription refers to areas that are provided in regulations.

88. Amend the clause under section 28C (c) by defining wholesale or retail trade as follows, "*For purposes of this section, wholesale trade and retail trade shall be defined in regulations made under this Act*".

Committee's Observation/Recommendation

This proposal was adopted by the Committee because the words are used in the Bill but they have not been defined.

89. Amend the clause under section 28F (1) insert the following new paragraph (c), "*minimum professional and service-level requirements for shared services*".

Committee's Observation/Recommendation

The clause addresses prescribed capital and liquidity requirements. Their proposal therefore does not fit in the clause.

90. Amend the clause under section 28G by introducing the following new paragraph (ba) after paragraph (b), "*A member of the Board of Directors of a secondary cooperative appointed under subsection 28 G (b) shall hold office for a term of three years and shall be eligible for re-appointment for one more term of up to three years*".

Committee's Observation/Recommendation

The Committee adopted this proposal. The committee observed that that a member of the Board of Directors of a Secondary Cooperative appointed under subsection 28G(b) shall hold office for a term of three years and shall be eligible for re-appointment for one more term of up to three years.

91. Amend the clause under section 28J by including minimum professional and service-level requirements, minimum criteria and requirements for shared services, minimum criteria and requirements for secondary cooperative societies and model by-laws for secondary cooperative societies.

Committee's Observation/Recommendation

The committee resolved to adopt the proposal to insert the minimum criteria and requirements for shared services in regulations and not to adopt the proposals on:

i. **minimum professional and service-level requirements on the grounds that the requirements are not suitable for prescribing through regulations.**
ii. **minimum criteria and requirements for secondary co-operative societies on the grounds that the requirements are regulated under section of the Cooperatives Act.**
iii. **model by-laws for secondary co-operative societies on the grounds that model laws are not suitable for prescribing through regulations by way of regulations.**

Clause 6

92. Amend clause 6 (a) (ii) by deleting the word "*President*" and substituting with the words "*Cabinet Secretary*" and by deleting the words "*professional experience in banking, supervision and regulation of financial institutions*" and substituting with the words "*professional experience in cooperative practice management and supervision*".

Committee's Observation/Recommendation

The Committee adopted their proposal to replace the President with the Cabinet Secretary.

Clause 9

93. Amend clause 9 by including in the regulations the contribution model for Sacco societies and a moratorium/transition plan for the contribution.

Committee's Observation/Recommendation

The committee rejected this proposal and observed that this proposal can addressed through regulations and not the Bill as proposed.

4.8 Mr. Stephen Nduati

94. In a meeting with the Committee held on Wednesday, 13th May 2026, Mr. Stephen Nduati, World Bank Consultant for Sacco Central informed the meeting that shared services will enhance competitiveness of Kenyan Saccos. Management of liquidity in Saccos is currently handled through banking platforms because settlement and arrangement is done by banks. The shared services will enable Saccos to participate more directly in the sector.

95. The provisions that are bringing in the Central Bank of Kenya should be looked at as facilitative and not inhibitive. CBK is mandated by law to ensure promotion and supervision of payment services hence the shared services will be under its mandate since formation of a large value liquidity system will require involvement of CBK.

Committee's Observation/Recommendation

The Committee observed that the Sacco sector's regulatory framework and regulator is able to properly regulate the sector and it's therefore not necessary to bring in CBK's regulation.

4.9 Kenya Deposit Insurance Corporation (KDIC)

In a meeting with the Committee held on Wednesday, 13th May 2026, Mr. Paul Manga, Director, Deposit Insurance proposed the following amendments to the Bill on behalf of KDIC:

96. Amend section 56 of the Act to provide for obligation by DGF to prepare budget, accounts and audit as part of governance proves.

    Committee's Observation/Recommendation

    This proposal was not adopted by the Committee.

97. Amend section 57 A (1) to clearly and explicitly provide that it applies to both current and past officers, board members, agents e.t.c.

    Committee's Observation/Recommendation

    This proposal was not adopted by the Committee.

98. Amend section 59 of the Act to explicitly provide the mandate of the Deposit Guarantee Fund (DGF).

    Committee's Observation/Recommendation

    This proposal was not adopted by the Committee.

99. Amend section 59 of the Act to provide clear and explicit timelines for payout; provide powers to DGF to make partial and/or advance payment of protected deposits; and provide power for DGF to access depositor records for speedy reimbursement.

    Committee's Observation/Recommendation

    The Committee adopted their proposal to provide timelines for payout.

100. Amend section 60 of the Act to add the following powers to DGF: access to members' data and information; participate in the resolution process and define resolution tools as may be appropriate; provide coordination of the resolution Authority and other actors including safety net participants; request for information from supervisory and authorisation agencies; enter into agreement with other safety net participants for mutual benefits; formulate rules for purposes of execution of their mandate; and power to borrow in the event of fund depletion.

    Committee's Observation/Recommendation

    This proposal was not adopted by the Committee.

101. Amend the Act to provide for a statutory creditor hierarchy where DGF is recognised as a creditor upon paying protected deposits.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

102. Amend the law to explicitly define membership of DGF with clarity of member entry and cessation.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

103. Amend the Act to align definition of deposit and clearly provide for eligible deposits and excluded deposits if any; coverage limits should not be explicitly defined in law i.e. amount payable but in a subsidiary legislation; and DGF to have powers to review or determine coverage limit to be provided for DGF.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

104. Amend the law to clearly define funding sources and sustainable funding mechanism including relevant alternatives of replenishing the Fund in case of depletion such as backstop funding, borrowing, advance premium, appropriation by the National Assembly e.t.c.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

105. Amend the Act to provide that DGF will be part of the resolution process to protect the interest of depositors, including considering DGF as the sole resolution Authority for Saccos licensed and authorised by SASRA for ease of coordination of the resolution process and separation of roles.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

106. Amend the Act to provide the power to establish formal coordination mechanisms with the supervisor(s), and resolution authority; and legal basis for information sharing and collaborative decision-making.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

107. Provide for the exemption of DGF from payment of tax to allow the Fund to grow.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.10 Consumer Federation of Kenya (COFEK)

In a meeting with the Committee held on Wednesday, 13th May 2026, Mr. Stephen Mutoro, Secretary General COFEK, submitted the following written memorandum to the Committee:

Clause 5

108. Amend the clause under section 28A by adding a market concentration provision requiring the Authority to assess competition impact before licensing; no single secondary co-operative should command more than 60% of the sector's liquidity.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

109. Amend the clause under section 28B by adding explicit consumer protection obligations (pricing transparency, grievance mechanism, CPA application).

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

110. Amend the clause under section 28F by specifying a minimum statutory capital floor; regulations may increase but not reduce below the statutory floor.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

111. Amend the clause under section 28G by adding an explicit right of appeal aligned with the FAAA review mechanism.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

112. Amend the clause under section 28I by increasing the penalty to Kshs. 50 million and/or three times the gain obtained, with daily penalties for continuing offences, aligned with Banking Act and Capital Markets Act standards.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

113. Amend the clause under section 28J by requiring SASRA to conduct and publish a cost-benefit analysis before making regulations.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

Clause 6

114. Amend the clause by replacing Presidential appointment of DGF Chairperson with transparent, competitive, parliamentary-vetted appointment.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

115. Amend the provision on Secondary co-operative industry representatives on the DGF Board by removing the conflict of interest.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

Clause 9

116. Amend section 59A by restoring automatic triggering on insolvency/revocation.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

117. Amend the Bill by providing for whistleblower protection similar to those in the Whistleblower Protection Act, 2023.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

118. Amend the Bill by prohibiting secondary co-operatives from lending to entities in which their board members or officers have interests.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

119. Amend the Bill by providing that member Saccos must disclose to their individual members what portion of pooled liquidity is placed with the secondary co-operative.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

120. Amend the Bill by formally requiring SASRA-CBK co-ordination protocols for secondary co-operatives accessing the inter-bank market.

Committee's Observation/Recommendation

This proposal was rejected by the Committee as the proposal is likely to affect the independence of SASRA as an independent SACCOs regulator.

121. Amend the Bill by inserting an explicit resolution framework for a failing secondary co-operative, including statutory management and wind-up provisions.

Committee's Observation/Recommendation

The proposal was rejected by the Committee as the proposal already exist or is provided for under section 27(1)(a) of the Act and the Co-operative Societies Act, Cap. 490.

122. Amend the Bill by inserting a clawback mechanism for officers of secondary co-operatives whose misconduct leads to member Sacco losses.

Committee's Observation/Recommendation

This proposal was rejected by the committee as the proposal is provided for under proposed new section 28I of the Bill and further under proposed new section 28J (2) (f) the cabinet is required to develop regulations that provide for administrative penalties to be paid by any person who fails to comply with the provisions of this Part or any Regulations made under this section.

123. Amend the Bill by including a consumer protection representative on SASRA and any other regulatory frameworks in line with section 94 of the Consumer Protection Act, 2012.

Committee's Observation/Recommendation

This proposal was rejected by the committee.

4.11 State Department for Cooperatives

Clause 2

124. Amend the clause by deleting the definition of "*Deposit Guarantee Fund*" and substituting therefore the following new definition, "*Deposit Guarantee Fund" means the Sacco Societies Deposit Guarantee Fund established under section 55 and administered by the Kenya Deposit Insurance Corporation*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the committee observed that the fund is best administered by the Board of trustees as provided for under section 55(1), (2) and (3) thus amending it is likely to defeat the objects of the Act.

125. Amend the clause by inserting the following definition, "*approved person" means a person approved by the Authority under this Act to hold a position of significant responsibility in a Sacco society, pursuant to fit-and-proper criteria and the Approved Persons Regime established under this Act*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the Bill recognizes that the Authority shall approve a person based on the criteria known as "fit and proper" criteria, which shall be prescribed by the Authority under regulations as provided for under proposed new section 28J(g). Further, the committee noted that the "a position of significant responsibility ..." is subjective and there is no test to establish the same.

126. Insert definition of, "*Central Liquidity Fund" means the liquidity fund established under section 61A of this Act for the collective use of Sacco societies*".

Committee's Observation/Recommendation

The Committee rejected the proposal, observing that the proposed definition of "central liquidity fund" was adequately covered by the definition of "central liquidity reserve account" under the Bill.

127. Insert definition of, "*employee scheme" is a formal plan designed to motivate, reward, or support employees while aligning their performance with the organisation's goals*".

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is not necessary to be incorporated in the Bill.

128. Insert definition of, "*fit and proper" includes the integrity, competence, financial soundness and suitability criteria required to serve as a director or officer of a Sacco society, as prescribed by this Act and regulations*".

Committee's Observation/Recommendation

The committee rejected this proposal and observed that the criteria for "fit and proper" has been provided for under the Bill to be prescribed under a regulation and the proposal can be incorporated as proposed by the stakeholder.

129. Insert definition of, "*Member Sacco" means a deposit taking Sacco that is a member of a secondary co-operative society*".

Committee's Observation/Recommendation

The committee rejected the proposal as the committee observed that membership to secondary co-operative society has been adequately provided for under the definition of the secondary co-operative society.

130. Insert definition of, "*non-withdrawable deposit-taking Sacco" means a Sacco society that mobilises funds in the form of non-withdrawable member deposits but does not accept withdrawable demand deposits, as may be specified by the Authority*".

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

131. Insert definition of, "*Stabilisation Protection Scheme" means the sector-funded stabilisation scheme established under section 61D of this Act to support distressed Sacco societies*".

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

132. For purposes of this Act, a "*primary Sacco Society" means a primary Savings and Credit Cooperative Society registered under the Cooperative Societies Act*".

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

133. For purposes of this Act, a "*secondary Sacco Society" means a secondary or a union of Savings and Credit Cooperative Society registered under the Cooperative Societies Act*".

Committee's Observation/Recommendation

The committee rejected this proposal. The committee observed that the definition of secondary Sacco Society is sufficiently provided for under the Bill.

Clause 4

134. Amend the clause by inserting the following new paragraph, "(db) establish, maintain, manage and operate a Sacco Stabilisation Facility".

Committee Observation/Recommendation

This proposal was adopted by the Committee because the Bill establishes the Sacco Stabilisation Fund that shall be under the ambit of SASRA.

Section 28B

135. Amend the section by deleting paragraph (g).

Committee Observation/Recommendation

This proposal was adopted by the Committee because CLF is sector-driven and for the benefit of the Sacco sector hence not necessary to bring in regulation by the CBK. The sector's regulatory framework and regulator have the capacity to regulate the CLF.

136. Amend section 5 of the principal Act by inserting the following new paragraphs immediately after paragraph (a): (aa) "*license, regulate and supervise Sacco societies in accordance with this Act on a risk-based approach, and to develop a tiered regulatory framework proportionate to the size and complexity of Sacco societies; (ab) establish and enforce prudential standards for all Sacco societies, including those under county governments' oversight, in collaboration with the Commissioner for Co-operative Development and county officials, with a view to harmonising regulation across the Sacco sector; (ac) maintain public registers of licensed Sacco societies and of approved persons holding key offices in Sacco societies, and bar or remove persons not meeting suitability criteria; (ad) promote the stability, liquidity and integrity of the Sacco sector by facilitating the implementation of a Deposit Guarantee Fund, a Central Liquidity Fund, and a Stabilisation Protection Scheme as provided under this Act; and (ae) enforce compliance with corporate governance standards, ethical conduct requirements and other mandatory guidelines issued under this Act or the Co-operative Societies Act, for the protection of Sacco members*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

137. Amend section 25 of the principal Act by inserting the following new section—

25A. (1) "*The Authority may prescribe different categories or tiers of licences or authorisations for Sacco societies based on the: (a) criteria such as whether the Sacco society engages in deposit-taking business or non-withdrawable deposit-taking business; or (b) scale of its assets or deposits, its geographic reach, or such risk-based factors as the Authority deems relevant; (2) The Cabinet Secretary shall, on the recommendation of the Authority, make regulations to give effect to the tiered licensing framework, including prescribing thresholds for each tier, applicable capital and liquidity standards for each tier, and transitional provisions for Sacco societies moving from one tier to another; and (3) Within twelve months of the commencement of this Act, the Authority shall review all existing Sacco societies and classify each into the appropriate tier, and ensure that each Sacco society complies with the prudential and governance requirements of its category*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the proposal is likely to defeat the objects of the Bill as proposed.

138. Amend the Bill by inserting the following new section 34A, "34A. (1) *A Sacco society shall only declare and pay dividends or rebates from its net profits or retained earnings after making all required provisions for loan losses, and after fully meeting all capital adequacy ratios and reserve requirements prescribed by the Authority; (2) For purposes of this section, dividend includes interest or rebate on deposits or shares paid to members as a return on their investment in the Sacco; and (3) The Cabinet Secretary shall formulate regulations for the administration of dividends distribution*".

Committee's Observation/Recommendation

This proposal was rejected by the Committee because it is provided in individual SACCO societies by laws.

139. Amend section 35 of the principal Act by inserting the following new subsections immediately after subsection (5): (6) (a) "*A Sacco society shall not extend a loan to any of its directors or employees on terms more favourable including interest rate, tenure, collateral requirements or grace period than those available to other members of the Sacco who have similar credit risk. The insider loans referred to in this section do not include loans provided to employees in their capacity as employees as part of a Sacco Societies' employee value proposition; (b) The above will not apply to approved employee schemes; (7) The total outstanding loans to insiders of a Sacco society shall not exceed such proportion of the Sacco's total loan portfolio or assets as the Authority may prescribe; (8) The Authority may prescribe that insider loans shall not in aggregate exceed a % of the Sacco's total loans or assets; (9) No director shall be involved in the appraisal, approval or administration of his or her own loan or that of a person closely related to him or her; (10) Each Sacco society shall put in place a policy requiring that any loan application from a director or key officer is reviewed and approved independently of that person; (11) Any insider loan that is non-performing or in arrears beyond 90 days, shall be reported immediately to the Authority and to the Sacco's Board, and the insider borrower shall not participate in any deliberations of the Board until the loan is regularised; and (12) The Sacco shall commence recovery measures, and failure by an insider to cooperate in repaying his or her loan may be a ground for removal from office*".

Committee's Observation/Recommendation

This proposal was rejected by the Committee because it is already provided for in the bylaws of individual SACCO societies. The Committee observed that the proposal regarding a director's involvement in decisions affecting them is clearly provided for under conflict-of-interest laws, with consequences for acting contrary to the provision.

140. Amend section 35 of the principal Act by inserting the following new sections immediately after section 35: 35A. (1) "*Every Sacco society licensed under this Act shall participate in credit information sharing as a condition of licensing; (2) A Sacco society shall: (a) submit accurate, complete and timely credit data to licensed credit reference bureaus; (b) obtain and use credit information from credit reference bureaus in loan assessment; and (c) ensure confidentiality and compliance with the Data Protection Act; (3) The Authority may prescribe reporting requirements and exemptions for Tier IV and Tier V societies; and (4) Non-compliance is an offence punishable by fines not exceeding Kenya shillings five million*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as Credit information sharing is already recognised under the Banking (Credit Reference Bureau) Regulations, 2020, which expressly cover SACCO societies.

35B. (1) "*The Authority shall establish a Sacco Sector Credit Information Exchange; (2) The Sacco Sector Credit Information Exchange shall collate and analyse credit data for systemic risk monitoring, generate sector-wide risk reports, and provide early warning indicators to the Authority; and (3) The Sacco Sector Credit Information Exchange shall be integrated with Central Bank of Kenya, Kenya Deposit Insurance Corporation, and other regulators*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as Credit information sharing is already recognised under the Banking (Credit Reference Bureau) Regulations, 2020, which expressly cover SACCO societies. The committee further observed that section 53 of the Act provides for Authority to collect such data and other information for supervision and surveillance of the affairs of the Sacco.

35C. (1) "*The Cabinet Secretary may designate a Shared Services Platform for Credit Information Sharing reporting and payments integration; and (2) Credit Information Sharing platform shall be regulated as critical financial market infrastructure for Sacco societies*".

Committee's Observation/Recommendation

This proposal was adopted by the Committee but with amendments. The Committee deleted the words "Cabinet Secretary" and substituted with the word "Authority", and deleting the word "designate" and substituting with the words "create and regulate".

Credit sharing framework is important because it will reduce NPLs, improve sector transparency and align SACCOs with the broader financial system.

141. The Principal Act is amended in section 40 by inserting the phrase "*or such other foreign currency as may be approved by the Authority*" immediately after the words Kenya shillings appearing in subsection (3).

Committee's Observation/Recommendation

This proposal was rejected by the Committee because returns for Kenyan companies are made in Kenya Shillings.

142. The principal Act is amended by inserting the following new sections immediately after section 47—

47A. (1) "*Every Sacco society shall comply with a mandatory Code of Corporate Governance as prescribed by the Authority; and (2) The Authority shall, in consultation with the Commissioner for Co-operative Development, issue regulations or guidelines constituting a Governance Code for Sacco societies, which shall include minimum competency requirements for board members, ethical conduct standards, internal controls, and requirements for board evaluations and training*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the committee observed that this can be achieved though policy guidelines which are regularly reviewed by the Authority to enhance corporate governance.

47B. (1) "*The Authority shall operationalise an Approved Persons Regime as part of its supervisory framework; (2) An approved Persons Regime referred to under subsection (1): (a) shall identify the specific positions in Sacco societies that are considered "Approved Positions" which shall at a minimum include: (i) Board Chairperson; (ii) Board Vice-Chair; (iii) Treasurer; (iv) Honorary Secretary; (v) Chief Executive Officer; (vi) Chief Financial Officer; (vii) Chief Information Officer (CIO)/Head of ICT; (viii) Head of Internal Audit; and (ix) such other key positions as may be specified by the Authority from time to time; (b) shall be maintain through a Public Register of an Approved Persons who are authorized to hold Approved Positions in Sacco societies, and make the register accessible to the public; and (c) may impose conditions or limitations on an approval of a person*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

143. The principal Act is amended in section 48 by inserting the following new subsections immediately after subsection 2: (3) "*The Authority shall exercise its supervision of Sacco societies in accordance with the principle of Risk-Based Supervision, directing greater regulatory attention and resources to Sacco societies, or specific areas of a Sacco's operations, that pose greater risk to members' deposits or to the stability of the Sacco sector; (4) Without prejudice to the generality of subsection (3), the Authority shall implement an*

early warning system of indicators including capital adequacy, asset quality, earnings, liquidity, and governance metrics to identify Sacco societies that show signs of financial or operational weakness; (5) The Authority shall coordinate and collaborate with county governments and the Commissioner to extend risk-based surveillance to Sacco societies not yet licensed under this Act; (6) The Authority may impose differentiated reporting requirements or supervisory intensity based on a Sacco society's tier or risk profile, provided that all Sacco societies above a prescribed minimal threshold shall be required to submit at least quarterly financial and prudential returns including statements of capital adequacy, liquidity, delinquency, and insider lending either to the Authority or to the relevant county Commissioner as directed; and (7) The Authority shall publish, at least annually, a report on the state of the Sacco sector, which shall include aggregate statistics and may include a list of licensed Sacco societies by tier, and any notable enforcement actions or emerging risks".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

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

48A. (1) "*The Authority shall vet and determine the suitability and propriety of every person seeking to serve as a director or other officer of a Sacco Society, and may bar or prohibit a person from serving in a Sacco Society as such a director or officer of a Sacco Society; (2) The Authority shall in vetting and determining if a person is suitable and proper to serve as a director or officer of a Sacco Society consider the: (a) financial status or solvency of the person; (b) educational or other qualifications or experience of the person, having regard to the nature of the functions which, if the application is granted, the person shall perform; (c) status of any other licence or approval granted to the person by any financial sector regulator; (d) ability of the person to carry on the regulated activity competently, honestly and fairly; and (e) reputation, character, financial integrity and reliability; and any other material information; (3) Without prejudice to the generality of subsection (2), the Authority may, in vetting and considering whether a person is fit and proper: (a) take into account whether the person: (i) has contravened the provision of any law, in Kenya or elsewhere, designed for the protection of members of the public against financial loss due to dishonesty incompetence, or malpractice by persons engaged in transacting with marketable securities; (ii) has been convicted or is under investigation in respect of an offence involving financial impropriety or fraud of public funds, or of an offence of corruption, money laundering, terrorism financing, proliferation financing and economic crimes; (iii) has been mentioned adversely in any report by the Authority, the Commissioner for Cooperatives, law enforcement agency, tax regulatory agency or any other public body with regard to financial impropriety or fraud of public funds, or allegations of corruption, money laundering, terrorism financing, proliferation financing and economic crimes; (iv) was a director or officer of a Sacco Society which was liquidated or is under liquidation or has been placed under statutory management; (v) has taken part in any business practice which, in the opinion of the Authority, was fraudulent prejudicial to the Sacco industry or public interest, or was otherwise improper, which would otherwise discredit the person's methods of conducting Sacco business; or (vi) has taken part or has been associated with any business practice which casts doubt on the competence or soundness of judgment of that person; or (vii) has acted in such a manner as to cast doubt on the person's competence and soundness of judgment; (b) take into account any information in the possession of the Authority, whether provided by the applicant or other available sources; (4) The Authority shall, before determining that a person is not fit or proper to serve as a Director or officer of a Sacco Society for purposes*

of this Act, give such a person an opportunity to be heard; and (5) The Authority may prescribe mandatory continuous or minimum professional development courses, trainings and certification which every director or officer of a Sacco Society must undertake or attain before serving or seeking to serve as an officer of a Sacco Society".

Committee's Observation/Recommendation

This proposal was adopted by the Committee because it provides the manner and procedure that the Authority shall use in vetting persons seeking to serve as directors or other officers of Sacco societies.

145. The principal Act is amended in section 50 by inserting the following new sub paragraphs immediately after sub paragraph (1)(b)(iv): "(v) *require the Sacco society to commission an independent audit or forensic investigation at the Sacco's expense, by an auditor or other expert approved by the Authority, if the Authority has reason to believe the Sacco's affairs are being mismanaged, or its financial statements may not accurately reflect its condition; (vi) issue written guidelines or directives to be adhered to by the Sacco's board or management in order to rectify identified governance failures or operational weaknesses including directives to limit growth in certain high-risk assets, improve loan recovery efforts, strengthen internal controls, or refrain from declaring dividends until compliance with specified financial ratios is achieved; and (vii) require a Sacco society to merge with or transfer its assets and liabilities to another institution with the concurrence of that institution, or to restructure its operations, if the Authority determines that the Sacco is no longer viable on a standalone basis and such action is necessary to protect members' interests*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

146. The principal Act is amended in section 51 by—
   a) inserting the following new paragraph immediately after paragraph (a), "(aa) *impose on the Sacco society, or its directors or officers, such financial penalties or fines as may be prescribed for non-compliance with prudential standards, reporting requirements, or governance obligations*".
   b) renumbering the existing provision as subsection (1); and
   c) inserting the following new subsections immediately after subsection (1): (2) "*The Authority may, by regulations, and in addition to the criminal sanctions under this Act, set a schedule of monetary penalties for various violations including higher fines for repeat violations or for acts of fraud or insider abuse, provided that any single fine imposed under this section shall not exceed five million shillings for an institution or five hundred thousand shillings for an individual; (3) The Authority shall publish including on its website a summary of any significant enforcement actions taken against a Sacco society or its officers, including suspensions, removals, or penalties, once any appeal periods have lapsed or appeals determined, in order to promote transparency and deterrence; and (4) Without prejudice to the generality of subsection (3), personal data may be redacted in the case of individuals*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

147. The principal Act is amended in section 52 by—

a) inserting the following new paragraph immediately after paragraph (a), "(aa) *appoint a person or persons as an advisor or manager to assist in restructuring the Sacco society or to oversee specified operations of the Sacco society, for such period and under such terms of reference as the Authority may determine*"; and

b) inserting a new subsection immediately after subsection (2), "(3) *In exercising its powers under this section, the Authority shall have regard to the need to maintain public confidence and protect member deposits*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

148. Amend the Bill by inserting the following new section 52A, "52A. (1) *The Cabinet Secretary shall establish, maintain, manage and operate a Sacco Stabilization Facility; (2) Any funds or money paid by a Sacco Society or any person whatsoever, on account of financial penalties or fines imposed under this Act shall be applied by the Authority into the Sacco Stabilisation facility; (3) Despite the generality of subsection (2), the Sacco Stabilisation Facility may also receive funds appropriated by the government specifically for that purpose or from any donations or investments income or any other sources as the Cabinet Secretary may by regulations prescribe; (4) The funds or monies held in a Sacco Stabilisation facility may be utilised by the Authority: (a) to correct, stabilise or rectify any supervisory or regulatory deficiencies in the Sacco industry including but not limited to provision of short-term liquidity support or capital restoration to a Sacco Society, or any other deficiency restoration as may be prescribed in the regulations; or (b) be re-united to a specific Sacco society, in case the penalty arose from a loss or potential loss suffered by a particular Sacco Society or in respect of which a particular Sacco Society may have been exposed*".

Committee's Observation/Recommendation

The Committee adopted the proposal to set up a Sacco Stabilisation Facility but deleted the proposal to receive funding from the government because the PFM Act does not allow government entities to finance private entities.

149. The principal Act is amended by deleting part VI and substituting therefor the following new part—

PART VI – DEPOSIT GUARANTEE SCHEME FOR SACCO SOCIETIES

55. (1) "*There is established a scheme to be known as the Sacco Societies Deposit Guarantee Fund; (2) The Kenya Deposit Insurance Corporation shall provide operational, technical and administrative support for the establishment, incubation and operationalisation of the Deposit Guarantee Fund in accordance with relevant Acts, Laws or Regulations; (3) The purpose of the Deposit Guarantee Fund is to provide a deposit insurance mechanism for deposit-taking Sacco societies and such other Sacco societies as may be prescribed, so as to compensate members up to specified coverage limits, in the event of the Sacco's failure; (4) Every Sacco society licensed or authorised under this Act shall be a member institution of the Deposit Guarantee Fund; (5) The Kenya Deposit Insurance Corporation shall, in providing operational, technical and administrative support for the incubation and operationalisation of the Deposit Guarantee Fund, have power to: (a) levy*

contributions or premiums from Sacco societies; (b) manage the fund's resources; and (c) pay out insured deposits to members of a failed Sacco society in accordance with the provisions of the Kenya Deposit Insurance Act; (6) The Cabinet Secretary responsible for matters relating to Sacco societies, in consultation with the Cabinet Secretary responsible for the National Treasury, the Authority and the Kenya Deposit Insurance Corporation, shall make regulations to facilitate the establishment, operationalisation, governance, incubation and transition arrangements of the Deposit Guarantee Fund for Sacco societies under the Kenya Deposit Insurance Corporation framework; (7) Without limiting the generality of the subsection (6), the regulations shall provide for: (a) the initial capitalisation or seed funding of the Deposit Guarantee Fund, including any government grant, guarantee or transfer of existing fund accumulations under the former Deposit Guarantee Fund established under this Act; (b) the governance and operational arrangements applicable during the incubation period under the Kenya Deposit Insurance Corporation; (c) the coverage limit per member for insured deposits in Sacco societies, including periodic review mechanisms and the progressive alignment of coverage levels with those applicable under the Kenya Deposit Insurance Act, as the Fund matures; (d) the rate, structure and methodology for premium contributions by Sacco societies, including risk-based or differentiated premium assessments; (e) the transition and future operational arrangements for the Deposit Guarantee Fund upon attainment of such institutional, financial or operational thresholds as may be prescribed; and (f) any other matter necessary for the effective administration, sustainability and operation of the Deposit Guarantee Fund; (8) The Authority shall cooperate with Kenya Deposit Insurance Corporation in the performance of deposit insurance functions; (9) Each Sacco society shall prominently disclose to its members the existence of deposit insurance coverage; and (10) *Any Sacco society that fails to pay the required deposit insurance premiums or levies to the Deposit Guarantee Fund when due shall be subject to enforcement action by the Authority, including penalty interest on the unpaid amount and possible suspension or revocation of its licence for persistent default*".

Committee's Observation/Recommendation

The committee rejected this provision.

56. (1) "*Every Sacco society shall pay such contributions or premiums to Deposit Guarantee Fund as are lawfully required; (2) The amount and frequency of contributions shall be as prescribed under the Kenya Deposit Insurance Act; (3) It shall be the responsibility of each Sacco society's Board of directors and Chief Executive Officer to ensure timely payment of all contributions; and (4) Failure to remit contributions on time shall attract penalties and interest as may be prescribed*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

57. (1) "*The Kenya Deposit Insurance Corporation shall submit an annual report to the Cabinet Secretary and to the Authority on the operations and financial status of the Deposit Guarantee Fund; (2) The annual report referred to under subsection (1), shall include the Fund's audited financial statements, the total premiums collected from Sacco societies, any pay-outs made or pending, and an assessment of the Fund's adequacy relative to the insured deposits of Sacco societies; and (3) A summary of the annual report prepared pursuant to this section, shall be published for the information of Sacco members and the public*".

Committee's Observation/Recommendation

This proposal was rejected by the committee as the administrator of the fund is the Board of Trustee provided for established under section 56 of the Act.

150. The principal Act is amended by inserting the following new part immediately after section 61—

PART VIA – LIQUIDITY AND STABILISATION FOR SACCO SOCIETIES

61A. (1) *"There is established a fund to be known as the Central Liquidity Fund for Sacco societies; (2) The Central Liquidity Fund shall serve as a mutual liquidity facility to provide emergency liquidity loans or short-term financial accommodation to member Sacco societies facing temporary liquidity shortfalls; (3) The Central Liquidity Fund shall be established and operated as a cooperative mechanism owned by the Sacco sector; (4) The Cabinet Secretary may on recommendation of the Authority and by notice in the gazette, designate a Sacco society, co-operative union or other body to be responsible for the day-to-day management of the Central Liquidity Fund; (5) The Cabinet Secretary shall appoint a multi-stakeholder forum to be responsible for the overall governance and oversight of the Central Liquidity Fund; and (6) The composition and functions of the multi-stakeholder forum shall be as prescribed".*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

61B. (1) *"Every Sacco society licensed under this Act shall be a member of the Central Liquidity Fund upon such terms as may be prescribed; (2) The Membership in the Central Liquidity Fund may involve payment of an entrance fee and maintenance of a minimum deposit or shareholding in the Central Liquidity Fund, as well as regular contributions or subscriptions; (3) The Cabinet Secretary may prescribe different tiers of membership which may include: (a) Full Members comprising Sacco societies that meet all contribution obligations and thereby have full access to Central Liquidity Fund credit facilities up to a certain limit; (b) Associate Members comprising smaller Sacco societies or those that opt for reduced contribution levels, with proportionately limited access to Central Liquidity Fund support; and (c) Pay-As-You-Go Participants comprising Saccos that choose not to maintain a standing deposit in the Central Liquidity Fund but may access liquidity loans at higher cost or on a secured basis when needed; (4) The Cabinet Secretary shall prescribe the contribution formula for Central Liquidity Fund members, taking into account each Sacco's size, asset or deposit base and risk profile; and (5) All contributions and funds of the Central Liquidity Fund shall be held in a ring-fenced account, and used solely for purposes of providing liquidity to member Saccos and managing the operations of the Fund".*

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

61C. (1) *"The Central Bank of Kenya may, in exceptional circumstances and in the interests of financial stability, and subject to applicable law, provide emergency liquidity or contingent funding support to the Central Liquidity Fund during periods of systemic liquidity stress for purposes of supporting liquidity within*

the Sacco sector, using such instruments or facilities as may be available to the Central Bank of Kenya under applicable law; (2) The Authority and the Cabinet Secretary shall liaise with the Central Bank to formalise any arrangement made pursuant to subsection (1); (3) A Sacco society seeking to draw from the Central Liquidity Fund shall demonstrate that it faces a short-term liquidity need and not solvency problems; (4) Subject to applicable written law and compliance with prescribed requirements, a secondary cooperative may participate in national payment, clearing and settlement systems and inter-institutional liquidity arrangements approved by the relevant regulatory authorities; and (5) A Secondary Co-operative may maintain such liquidity or settlement arrangements as may be approved or prescribed under applicable law".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

61D. (1) "*The Cabinet Secretary shall facilitate the establishment of a Stabilisation Protection Scheme for Sacco societies, which shall be sector-funded, owned and operated by the Sacco sector for the purpose of protecting members and stabilising the Sacco sector through financial assistance, liquidity support, capital interventions, restructuring support, merger facilitation or orderly resolution of distressed but viable Sacco societies; (2) The Stabilisation Protection Scheme shall be a fund or program aimed at protecting members and stabilising the Sacco sector by providing financial assistance or capital interventions to distressed but viable Sacco societies, or by facilitating the orderly resolution of merger or wind-up of failing Sacco societies; (3) The Stabilisation Protection Scheme may be operated as a secondary co-operative society whose members are Sacco societies, or through an apex body appointed for that purpose; (4) The entity operating Stabilisation Protection Scheme shall be approved and regulated by the Authority to ensure accountability in use of funds; and (5) The Authority shall prescribe the eligibility criteria for a Sacco to receive Stabilisation Protection Scheme support*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.12 Ms. Hannah Wangari Lemaiyan/Mr. Darius Mogaka Riro

In emails sent on 17th April 2026, Ms. Lemaiyan and Mr. Riro proposed the following amendments to the Sacco Societies (Amendment) Bill, 2025:

151. Amend the Act by increasing the guarantee limit from Kshs. 100,000 to Kshs. 500,000 or a minimum of 50% of the average member savings balance, whichever is higher. This is because most Sacco members save well above Kshs. 100,000.

Committee Observation/Recommendation

The Committee adopted this proposal and increased the guarantee limit to Kshs. 500,000.

152. Insert a new clause in the Bill providing that no member's legitimate withdrawal request shall be delayed beyond 14 days from the date of application, except with written justification to the member and SASRA. This is because members join SACCOs for quick access to their own savings.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

153. Amend the Bill to provide that the Central Liquidity Fund should act strictly as a lender of last resort, not as a manager of SACCO liquidity or payments. Remove clauses that allow the Central Liquidity Fund to "run payments" or "invest member money" without explicit member consent. This is because SACCOs are member-owned cooperative societies, not government departments and heavy-handed control defeats the cooperative principle of self-governance.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

154. Amend the Bill by publishing clear, objective and appealable criteria. Any disqualification must be subject to review by the Cooperative Tribunal within 30 days. This is to avoid removal of legitimate leaders based on subjective criteria, undermining democratic elections.

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that the proposed regulations to be enacted will provide the criteria for approval or rejection in addition to the provisions of the Cooperatives Act.

4.13 Mr. Anthony Ngugi Wangari

155. In an email dated 17th April 2026, Mr. Wangari proposed that the Bill be amended by increasing the deposit cover from Kshs. 100,000 to Kshs. 500,000; providing for payment of claims within ninety (90) days of revocation of the license with interest for delays; raising formation threshold from thirty (30) to at least one hundred (100) primary SACCOs; explicitly prohibiting compulsory mergers without a 2/3-member vote; requiring written member consent before sharing any loan data; and publishing board expenses, director loans and fit-proper results annually.

Committee Observation/Recommendation

The Committee adopted the proposal to increase the deposit cover to Kshs. 500,000 and provided for commencement of the claims within ninety (90) days of revocation of a Sacco's licence.

4.14 Caesar Broadrick and Associates

In a memorandum dated 22nd April 2026, Mr. Ceasar Broad Erick Akoko proposed the following amendments to the Bill:

Clause 2

156. Define "*digital financial services to mean any SACCO financial service conducted through electronic platforms, mobile applications, or third-party systems*".

Committee Observation/Recommendation

The committee rejected this proposal as the proposal contradicts the with the provision on shared payment services which is regulated by the relevant legal framework and provides for digital financial services.

157. Define "*systematically important SACCO as a SACCO designated by the Authority as posing potential systemic risk due to its size, membership, or financial exposure*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

158. Define "*deposit-taking activity as any activity involving acceptance of funds from members or the public with an obligation of repayment, whether in form of deposits, savings, or equivalent financial contributions*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

159. Insert the following new clause 4A, "*No person shall carry on deposit-taking business unless licensed under this Act; Any entity carrying out SACCO-like financial activities shall be deemed to be operating under this Act regardless of its name or form; and provide for a fine not exceeding 10 million shillings or imprisonment not exceeding five years or both*".

Committee Observation/Recommendation

The committee rejected this proposal as the provision on carrying out deposit-taking business is provided for under section 23 of the Act and the provision on registration provided for under the Co-operative Societies Act.

160. Insert the following new clause 5A, "*The Authority shall maintain a Central SACCO Registry containing licensed SACCOs, directors, officers, and compliance status*".

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

161. Insert new section 24A providing for fit and proper requirement.

Committee Observation/Recommendation

The committee rejected this proposal as the Bill proposes that the criteria for approving fit and proper persons should be prescribed under a regulation.

162. Insert a new section 24B providing for disclosure of insider lending.

Committee Observation/Recommendation

The committee rejected this proposal as insider lending has been provided for under sections 35 and 42 of the Act.

163. Insert new section 24C providing for governance audit.

Committee Observation/Recommendation

This proposal was rejected by the committees as the committee observed that governance audit may be carried out in accordance with the laid down policy guidelines laid down by the Authority in consultation with the Cabinet Secretary.

164. Insert new section 28A providing that members are entitled to real-time access to financial and governance information.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that there are sufficient legal provisions addressing the proposal. Section 21(d) of the Co-operative Societies Act, Cap. 490, already recognises members' right to access legitimate information relating to the affairs of their society. Further, sections 40, 41, 42 and 46 of the SACCO Societies Act provide for the maintenance, submission, disclosure and publication of financial information by SACCO societies.

165. Insert new section 34A providing that SACCOs shall submit real-time financial data to the Authority and false reporting is an offence.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that there are sufficient legal provisions addressing the proposal. Section 21(d) of the Co-operative

Societies Act, Cap. 490, already recognises members' right to access legitimate information relating to the affairs of their society. Further, sections 40, 41, 42 and 46 of the SACCO Societies Act provide for the maintenance, submission, disclosure and publication of financial information by SACCO societies.

166. Insert new Part IV A providing for regulation of cybersecurity, fintech approval, and data protection compliance.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that there are sufficient legal provisions addressing the proposal.

167. Amend section 59 by establishing a tiered deposit protection scheme with periodic review.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

168. Insert a new section 66A providing for penalties based on asset size or benefit gained and that directors my incur personal liability.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that there are sufficient legal provisions addressing the proposal.

169. Insert new Part VI A to include bridge institutions, purchase-and-assumption, and statutory management.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the objects of establishing Saccos.

170. Insert new section 72A providing for designation based on size, membership, interconnectedness which includes enhanced supervision.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the objects of establishing Saccos.

171. Insert new section 80A providing for compliance with Kenyan law and EAC frameworks.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that there are sufficient legal provisions addressing the proposal.

172. Insert transitional clauses providing for 18-to-24-month compliance timelines for reporting, governance and assessments.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

4.15 Nairobi City County: Office of the County Attorney

In a memorandum, Ref: NCC/CA/CI/160/E/2026 dated 1st April 2026, CS Christine Ireri, County Attorney, Nairobi City County proposed the following amendments to the Bill:

173. Insert the following new clause immediately after section 28B, "*Activities by the Secondary Co-operative Society shall be subject to standards and oversight frameworks prescribed by the Central Bank of Kenya where such activities fall within the scope of the national payment system or banking system*". Part of the activities fall within the banking payment system regulation.

Committee Observation/Recommendation

The Committee observed that the Sacco sector's regulatory framework and regulator is able to properly regulate the sector and it's therefore not necessary to bring in CBK's regulation.

174. Amend paragraph 28B (g) to read as follows, "*with prior approval of the Central Bank of Kenya, participate in inter-bank market*". To define the responsibility and enforcement of CBK.

Committee Observation/Recommendation

The Committee proposed deletion of this paragraph because the regulation of CBK is not necessary in the Sacco sector since the Authority is able to properly regulate the sector.

175. Amend section 28H by inserting the following new subclauses immediately after subclause (2), "*(3) The Authority shall, in exercising its powers under this part, consult county governments where the activities of secondary co-operative societies significantly affect areas within their jurisdiction; (4) without prejudice to subsection (3) shall include: (a) the development of regulations affecting Sacco societies operating within the counties; and (b) policies relating to financial inclusion and access to credit at the county level*".

Committee Observation/Recommendation

The Committee included two representatives of the Council of Governors in the membership of the Board who will protect interests of counties and offer advice on matters counties in the Board.

The committee rejected the proposal on the grounds that section 5 of the Statutory Instruments Act requires any regulation-making authority to conduct consultation and public participation. As such, the proposal is already addressed under the provisions of section 5 of the Statutory Instruments Act.

176. Amend section 281 to read as follows, "*A person who contravenes the provisions of this Part commits an offence and shall be liable, on conviction to a fine not exceeding 5 million shillings or to imprisonment for a term not exceeding 7 years or both*".

Committee Observation/Recommendation

This proposal was adopted by the Committee. The committee observed that the proposed new section 281 be amended to provide that a person who contravenes the provisions of this Part commits an offense and shall be liable, on conviction to a fine not exceeding 5 million shillings or to imprisonment for a term not exceeding 7 years or both.

177. Amend section 56 by inserting the following new paragraph (fb) immediately after paragraph (fa), "*three persons appointed by the Council of Governors by virtue of their knowledge and not less than ten years' expertise or experience in co-operative or banking financial supervision and regulation*".

Committee Observation/Recommendation

The Committee amended the section to provide for appointment of two persons by the Council of Governors.

178. Amend section 57A by inserting the following subclause immediately after subclause (1), "*(2) Without prejudice to subsection (1), every act or decision shall be made for the best interest of the Deposit Guarantee Fund*".

Committee Observation/Recommendation

Members observed that it is important for county governments to be represented in the Board of Trustees and therefore provided for inclusion of two persons nominated by the Council of Governors in the Board.

4.16 Kenpipe DT Co-operative Savings & Credit Society Ltd

In a letter dated 23rd April 2026, Mr. Andrew Gisore, Chairman, Kenpipe DT SACCO Ltd proposed the following amendments to the Bill:

179. Section 28B provides for the centralisation of liquidity pooling, inter-SACCO lending and investment functions presenting systematic risks.

Committee Observation/Recommendation

This proposal was rejected by the Committee because it is important to have stringent laws on management of members' money.

180. Mandating SACCOs to maintain reserves with a secondary entity under section 28C restricts utilisation of the Fund. Members may therefore face reduced access to credit, undermining the core objectives of SACCOs.

Committee Observation/Recommendation

This proposal was rejected by the Committee because it is important to have stringent laws on management of members' money.

181. Establishment of a sector-wide liquidity pool under clause 6 introduces cross-subsidisation risks. This may weaken financial discipline at individual SACCO level.

Committee Observation/Recommendation
The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

182. Mandatory adoption of shared services systems under clause 7 imposes heavy financial and operational burdens. Rural and small SACCOs face potential exclusion due to cost barriers.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the Bill's principal objects. The committee observed that shared services systems are meant to facilitate members' ease of access to deposits or financial services.

183. Introduction of a dual-layer system under clause 9 adds complexity. The cooperative model will become unnecessarily bureaucratic.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill. The committee observed that this is meant to protect members' deposits.

184. Allowing secondary SACCOs to invest in financial markets under clause 10 increases exposure. Core SACCO mission shifts from member service to profit-seeking.

Committee Observation/Recommendation

The committee rejected this proposal on the ground that investment in saccos has be a practice and that the same is done in the interest of the members.

185. The requirement for continuous or daily reporting under section 28D imposes excessive compliance burdens. Many SACCOs may struggle to comply, risking penalties or closure.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

186. Expansion of powers of SASRA under clause 4 introduces risks of overregulation. Governance becomes externally driven rather than member-centered.

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the Bill's principal objects. The committee observed that the provision is meant to regulate the liquidity and shared services of secondary saccos, which is within the Authority's mandate.

187. Making claims depend on a license being revoked under section 59(5) creates uncertainty about when and how those claims can be made.

Committee Observation/Recommendation

The committee adopted and reviewed the provisions of clause 8.

188. Payouts subject to Cabinet Secretary approval under section 59A creates delays.

Committee Observation/Recommendation

The committee adopted and reviewed the provisions of clause 8.

189. Appointment of the Chairperson by the President under section 56 risks politicisation.

Committee Observation/Recommendation

The committee adopted this proposal.

4.17 Kenya Association of Front Office Service Activities (KAFOSA)

In a memorandum dated 22nd April 2026, Mr. Isedorius Agola, Chairman, KAFOSA proposed the following amendments to the Bill:

190. Insert a provision in the Bill designating SASRA as the primary prudential regulator and supervisor of SACCO societies and that any additional bodies will operate within a clearly defined coordination framework with SASRA.

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that section 5 of the Act provides that the objects and functions of SASRA are to regulate and supervise Sacco societies.

191. Amend section 59(2) of the Act by deleting "100,000" and substituting with "500,000" and providing for periodic review of the protected limit upon recommendation of the SACCO Societies Regulatory Authority. This is because a higher and dynamic protection threshold strengthens confidence and aligns SACCOs with market expectations.

Committee Observation/Recommendation

This proposal was adopted by the Committee.

192. Amend the clause on penalties for failure to contribute to the Deposit Guarantee Fund by replacing the fixed penalty with a graduated framework based on duration and severity of default and provide for a reasonable compliance window prior to imposition of full penalties. This is because proportionate enforcement supports compliance while preserving institutional sustainability.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

193. Amend the clause on time limitation for claims on protected deposits by retaining the two-year limitation period as a general rule; allowing admission of justified late claims by the Board of Trustees; and providing for an appeals or review mechanism. Balancing administrative efficiency with fairness and depositor protection.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

194. Amend the Bill by allowing discretionary consideration of late claims upon reasonable justification; and aligning unclaimed dividends with the unclaimed financial assets framework. This will promote equitable access while maintaining orderly financial administration.

Committee's Observation/Recommendation

This proposal was not adopted by the Committee.

4.18 Central Bank of Kenya

In a letter dated 29th April 2026, Dr. Kamau Thugge, Governor, CBK, proposed the following amendments to the Bill:

195. Definition of "*secondary Sacco Societies*" should be amended by subjecting secondary Saccos to prudential regulatory requirements similar to those of deposit taking institutions licensed by CBK.

Committee Observation/Recommendation

The committee rejected this proposal as the committee observed that the regulatory role of SASRA is sufficient.

196. The establishment of a liquidity framework should provide for an emergency liquidity backstop because a liquidity shock at one or more Secondary SACCOs could cascade across the sector.

Committee Observation/Recommendation

The committee rejected the proposal on the ground that the proposal should be addressed through regulation to enhance better carrying out of the provisions of the Act.

197. Amend the Bill by deleting the following sections 28B(g), 28B(h), 28B(j), 28B(k), 28C, 28B(i), and 28H because business activities highlighted in the sections involve activities carried out by institutions licensed, regulated and supervised by CBK under the CBK Act and the Banking Act.

Committee Observation/Recommendation

The Committee deleted sections 28B(g) and 28B(h).

4.19 Mr. Eddie Mbugua Gicho

In an email sent on 17th April 2026, Mr. Gicho proposed the following amendments to the Sacco Societies (Amendment) Bill, 2025:

198. Amend section 59 by increasing the protection limit from Kshs. 100,000 to Kshs. 500,000 because Kshs. 100,000 is too low.

Committee Observation/Recommendation

This proposal was adopted by the Committee.

199. Amend section 59A by removing the gazettement requirement and mandating that compensation from the Fund must commence within 30 days of a SACCO's closure.

Committee Observation/Recommendation

This proposal was adopted by the Committee to enable members of SACCOs to access their safety nets swiftly.

200. Amend the Bill by providing a clear, objective criteria and allowing any disqualified leader a 14-day window to appeal to the Cooperative Tribunal.

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that the proposed regulations to be enacted will provide the criteria for approval or rejection in addition to the provisions of the Cooperatives Act.

4.20 Credence Africa

In an email sent on 24th April 2026, Ms. Muthoni Njoroge, Executive Director, Credence Africa, proposed the following amendments to the Bill:

201. Amend the Act by inserting the following new section 48A, "48A (1) "*The Authority shall vet and determine the suitability and propriety of every person seeking to serve as a director or other officer of a Sacco Society, and may bar or prohibit a person from serving in a Sacco Society as such a director or officer of a Sacco Society; (2) The Authority shall in vetting and determining if a person is suitable and proper to serve as a director or officer of a Sacco Society consider the: (a) financial status or solvency of the person; (b) educational or other qualifications or experience of the person, having regard to the nature of the functions which, if the application is granted, the person shall perform; (c) status of any other licence or approval granted to the person by any financial sector regulator; (d) ability of the person to carry on the regulated activity competently, honestly and fairly; (e) reputation, character, financial integrity and reliability; and any other material information; (3) Without prejudice to the generality of subsection (2) the Authority may, in vetting and considering whether a person is fit and proper: (a) take into account whether the person: (i) has*

contravened the provision of any law, in Kenya or elsewhere, designed for the protection of members of the public against financial loss due to dishonesty incompetence, or malpractice by persons engaged in transacting with marketable securities; (ii) has been convicted or is under investigation in respect of an offence involving financial impropriety or fraud of public funds, or of an offence of corruption, money laundering, terrorism financing, proliferation financing and economic crimes; (iii) has been mentioned adversely in any report by the Authority, the Commissioner for Cooperatives, law enforcement agency, tax regulatory agency or any other public body with regard to financial impropriety or fraud of public funds, or allegations of corruption, money laundering, terrorism financing, proliferation financing and economic crimes; (iv) was a director or officer of a Sacco Society which was liquidated or is under liquidation or has been placed under statutory management; (v) has taken part in any business practice which, in the opinion of the Authority, was fraudulent, prejudicial to the Sacco industry or public interest, or was otherwise improper, which would otherwise discredit the person's methods of conducting Sacco business; or (vi) has taken part or has been associated with any business practice which casts doubt on the competence or soundness of judgment of that person; or (vii) has acted in such a manner as to cast doubt on the person's competence and soundness of judgment; (b) take into account any information in the possession of the Authority, whether provided by the applicant or other available sources; (4) The Authority shall, before determining that a person is not fit or proper to serve as a Director or officer of a Sacco Society for purposes of this Act, give such a person an opportunity to be heard; (5) The Authority may prescribe mandatory continuous or minimum professional development courses, trainings and certification which every director or officer of a Sacco Society must undertake or attain before serving or seeking to serve as an officer of a Sacco Society; and (6) The Authority may maintain a public register of an approved persons who are authorized to hold positions in Sacco Societies and make the register accessible to the public in such manner as may be prescribed".

Committee Observation/Recommendation

This proposal was adopted by the Committee because it provides the manner and procedure that the Authority shall use in vetting persons seeking to serve as directors or other officers of Sacco societies.

202. Amend the Act by inserting the following new section 52A, "52A.(1) *The Authority shall, in consultation with the Cabinet Secretary, establish, maintain, manage and operate a Sacco Stabilisation Facility; (2) Any funds or money paid by a Sacco Society of any person whatsoever, on account of financial penalties or fines imposed under this Act shall be applied by the Authority into the Sacco Stabilisation facility; (3) Despite the generality of subsection (2), the Sacco Stabilisation Facility may also receive funds appropriated by the government specifically for that purpose or from any donations or investments income or any other sources as the Cabinet Secretary may by regulations prescribe; (4) The funds or monies held in a Sacco Stabilisation Facility may be utilised by the Authority: (a) to correct, stabilise or rectify any supervisory or regulatory deficiencies in the Sacco industry including but not limited to provision of short term liquidity support or capital restoration to a Sacco Society, or any other deficiency restoration as may be prescribed in the regulations; or (b) be re-united to a specific Sacco society, in case the penalty arose from a loss or potential loss suffered by a particular Sacco Society or in respect of which a particular Sacco Society may have been exposed".*

Committee Observation/Recommendation

The Committee adopted the proposal to set up a Sacco Stabilisation Facility but deleted the proposal to receive funding from the government because the PFM Act does not allow government entities to finance private entities.

4.21 Law Society of Kenya (Regulated N-WDT) Sacco Society Ltd

In a memorandum dated 17th April 2026, the Law Society of Kenya (Regulated N-WDT) Sacco Society Limited proposed the following amendments to the Bill:

Clause 2

203. Amend definition of "*central liquidity and shared services business*" to include the following proviso, "*provided that central liquidity and shared business shall: (a) be limited to services provided exclusively between licensed Sacco societies; (b) not constitute deposit-taking from the public; and (c) not amount to operation of a payment system within the meaning of the National Payment System Act*".

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

Clause 3

204. Amend the clause by inserting the following new subsection, "(2) *In the exercise of its mandate under this Act, the Authority shall collaborate with the Central Bank of Kenya in matters relating to payment systems, settlement infrastructure, and investment in government securities*".

Committee Observation/Recommendation

The Committee observed that CBK is mandated to regulate banks. Collaboration with CBK will bring CBK rules into the SACCO sector which may kill the spirit of the SACCO movement. This proposal was therefore rejected.
Clause 4

205. Amend the clause by inserting the following new paragraph after section 5, "*In exercising its functions under this Act, the Authority shall be guided by the principles of: (a) proportionality; (b) transparency; (c) accountability; and (d) promotion of cooperative autonomy*".

Committee Observation/Recommendation

This proposal was adopted by the Committee because it will check the regulatory powers of the Sacco Societies Regulatory Authority.

Section 28A

206. Amend the section by inserting the following new subsection, "(2) *A secondary co-operative society shall establish and maintain a recovery and resolution plan, approved by the Authority, outlining measures of managing financial distress or failure*".

Committee Observation/Recommendation

This amendment was rejected by the Committee because it is not necessary.

Section 28B

207. Amend the section by inserting the following new subsection, "(2) *A secondary co-operative society shall ensure operational ring-fencing such that: (a) liquidity management; payment and settlement services; and investment activities are conducted in separate and independently auditable units*".

Committee Observation/Recommendation

This proposal was adopted by the Committee because it will ensure prudent uses of resources by secondary Saccos. This will protect the funds of member Sacco societies.

Section 28C

208. Amend the section by inserting the following paragraph, "(d) *indirectly engaging in retail financial services through affiliates, agents, or nominee arrangements*".

Committee Observation/Recommendation

This proposal was adopted by the Committee because it will protect the funds of members of Saccos.

Section 28E

209. Amend the section by inserting the following new subsections, "(3) *The Authority shall determine an application within ninety days; (4) Where an application is rejected, the Authority shall provide written reasons; and (5) An applicant aggrieved by a decision under this section may appeal to the Tribunal*".

Committee Observation/Recommendation

This proposal was adopted by the Committee as it provides timelines for issuance of licenses to cooperative societies to undertake central liquidity and shared services business by SASRA. It also provides for appeal rights to Saccos aggrieved by the decision of the Authority.

Section 28F

210. Amend the section by inserting the following subsection, "(3) *The Authority shall prescribe minimum capital and liquidity thresholds, which shall not be varied without prior public consultation and publication in the Gazette*".

Committee Observation/Recommendation

The Committee rejected the proposed amendment prescribing capital and liquidity requirements is a power that the Authority shall exercise through supervision under 28H(d)(v).

211. Amend the section by inserting new section 28F (3): "*A secondary co-operative society shall submit to the Authority daily liquidity position reports and quarterly capital adequacy returns in such form as the Authority may prescribe. Failure to submit within the prescribed period shall constitute grounds for immediate intervention under section 28H*".

Committee Observation/Recommendation

The committee resolved not to adopt the proposal on the grounds that prescribing capital and liquidity requirements is a power that the Authority shall exercise through supervision under 28H(d)(v).

Section 28G

212. Amend the section to insert new paragraph 28G(f): "(f) *at least one-third of the Board shall comprise independent non-executive directors*".

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that the proposed new section 28G (b) provides that the Board of Directors of a secondary co-operative society shall consist of non-executive directors elected by the member Sacco societies and to the extent that none of the directors shall be appointed by the government.

213. Amend the section by inserting new paragraph 28G(g): "*(g) the society shall adopt and enforce a conflict-of-interest policy.*"

Committee Observation/Recommendation
The committee adopted the proposal.

214. Amend the section by inserting new section 28G(g): "*Not less than one-third of the Board of a secondary cooperative society shall be independent directors who are not members, employees, or officers of any member Sacco society.*"

Committee Observation/Recommendation

The committee rejected the proposal on the grounds that the proposed new section 28G (b) provides that the Board of Directors of a secondary co-operative society shall consist of non-executive directors elected by the member Sacco societies and to the extent that none of the directors shall be appointed by the government.

215. Amend the section by inserting new paragraph 28G(h): "(h) *the society shall publish annual disclosures on governance, risk exposure, and financial performance.*"

Committee Observation/Recommendation

The committee adopted this proposal, proposing that a secondary cooperative shall publish annual disclosures on governance, risk exposure, and financial performance of the cooperative.

216. Amend the section by inserting subsection (3): "(3) *Any decision made by the Authority under this Part shall: (a) be in writing; (b) state the reasons for the decision; and (c) be subject to appeal to the Tribunal.*"

Committee Observation/Recommendation

The committee rejected the proposal on the grounds that fair administrative action is a constitution al principle and operationalized under the Fair Administrative Action Act Cap. 7L.

Section 28J

217. Amend the section by inserting the following subsection, "*All regulations made under this section shall be subject to public consultation and approval by Parliament in accordance with the Statutory Instruments Act*".

Committee Observation/Recommendation

The Committee rejected the proposal on the grounds that Parliament must consider regulations in accordance with the Statutory Instruments Act, Cap. 7L.

Clause 6

218. Amend the clause by inserting the following paragraph, "*Appointments under this section shall be conducted through a transparent and competitive process and shall be subject to approval by the National Assembly*".

Committee Observation/Recommendation

This proposal was rejected by the Committee because the National Assembly does not oversight private entities.

Clause 7

219. Amend the clause by inserting the following new paragraph, "*No officer shall incur personal liability for acts done in good faith and with reasonable care in the execution of their duties*".

Committee Observation/Recommendation

This amendment was rejected by the Committee because it is not necessary

Clause 8

220. Amend the Clause by inserting the following new subclauses, "(8) *A claim shall not be refused unless: (a) the claimant is offered a fair hearing; (b) the decision is supported by evidence; and (c) written reasons are provided; and (9) A person aggrieved by a decision under this section may appeal to the Tribunal*".

Committee Observation/Recommendation

This proposal was adopted by the Committee as it will prevent discretionary refusal to pay a member of a Sacco whose license has been revoked out of the Deposit Guarantee Fund without following the due process.

Clause 9

221. Amend by deleting section 59A and substituting as follows, "59A. (1) *Payments out of the Deposit Guarantee Fund shall commence within sixty days of the revocation of a Sacco society's license or authorisation; (2) The Board of Trustees shall ensure prompt verification and settlement of all valid claims; and (3) Any delay beyond the prescribed period shall be accompanied by written reasons and shall be subject to judicial review*".

Committee Observation/Recommendation

This proposal was adopted by the Committee but with amendment for payments out of the DGF to commence within ninety (90) days and completed within twelve (12) months.

4.22 Allan Mulama Advocates

In a memorandum, Ref: AMA/RUPSA/KUSCCO/2026 dated 15th April 2026, Allan Mulama Advocates proposed the following amendments to the Bill:

Section 28B

222. Amend the section by inserting the following new subsection, "(2) *A secondary co-operative society shall at all times maintain member deposits in a segregated trust account. Member deposits shall not be co-mingled with the society's operational funds, deployed into equity investments in subsidiaries or associated entities, or used as collateral for the society's own borrowings, except with the prior written approval of the Authority and disclosure to the affected member Sacco societies*".

Committee Observation/Recommendation

This proposal was adopted by the Committee to prohibit deployment of members' deposits into non-core investments.

Section 28C

223. Amend the section by inserting the following new paragraph, "(f) *A secondary co-operative society shall not enter into any transaction with a related party, subsidiary, or associated entity exceeding five percent of its total assets without prior written approval of the Authority and disclosure to its member Sacco societies at the next annual general meeting*".

Committee Observation/Recommendation

This proposal was adopted by the Committee to prohibit deployment of members' deposits into non-core investments.

Section 28F

224. Amend the section by inserting the following subsection, "(3) *A secondary co-operative society shall submit to the Authority daily liquidity position reports and quarterly capital adequacy returns in such form as the Authority may prescribe. Failure to submit within the prescribed period shall constitute grounds for immediate intervention under section 28H*".

Committee Observation/Recommendation

This proposal was rejected by the Committee because its already covered under section 28H (v).

Section 28G

225. Amend the section by inserting the following new paragraphs, "(f) *A person shall be disqualified from appointment as a director or senior officer of a secondary co-operative society if that person: (i) has been convicted of an offence involving fraud, dishonesty, or moral turpitude; (ii) is an undischarged bankrupt; (iii) has been a director of an entity placed under statutory management, administration, or liquidation within the preceding ten years; (iv) is a serving officer of a regulatory authority with supervisory jurisdiction over co-operative societies; (v) has served as director of the same secondary co-operative society for an aggregate period exceeding nine years; (g)not less than one-third of the Board of a secondary co-operative society shall be independent directors who are not members, employees, or officers of any member Sacco society; (h) a director of senior officer of a secondary co-operative society who authorises or permits the use of member deposits for purposes not sanctioned by this Act or by the Authority shall be personally liable, jointly and severally with the society, for losses occasioned thereby, and shall be guilty of an offence punishable under section 28I* ".

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that regulations that would be published and subjected to public participation would provide objective criteria for approving or rejecting appointment of person as a director or senior officer than a prescriptive approach that reads as terms of employment.

226. Amend the section by inserting new section 28G(h): "*A director or senior officer of a secondary co-operative society who authorises or permits the use of member deposits for purposes not sanctioned by this Act or by the Authority shall be personally liable, jointly and severally with the society, for losses occasioned thereby, and shall be guilty of an offence punishable under section 28I*".

Committee Observation/Recommendation

The committee adopted this proposal enhancing penalties by a director or senior officer of a secondary co-operative society who authorises or permits the use of member deposits for purposes not sanctioned by the Act as an amendment to the proposed new section 28I. The committee observed that this is necessary to protect members deposits.

Section 28H

227. Amend the section by inserting the following new subsections, "(5) *Where the Authority has reasonable grounds to believe that a secondary co-operative society is unable to meet its obligations as they fall due, or that the assets of the society or its members are at risk of dissipation, the Authority may by written notice: (a) freeze all or any accounts of the society; (b) prohibit specified transactions; (c) remove and replace any director or senior officer; (d) assume statutory management of the society; (e) apply to the High Court for the appointment of a provisional administrator; (6) The Authority shall publish an Escalation Framework specifying the thresholds and triggers for each intervention power, including capital adequacy breach levels, liquidity ratio floors, and governance compliance indicators. The Framework shall be published in the Kenya*

Gazette within twelve months of commencement of this Part; and (7) Where the Authority assumes statutory management of a secondary co-operative society under subsection (5)(d), the Authority shall within thirty days: (a) appoint a statutory manager who is an authorised insolvency practitioner within the meaning of the Insolvency Act; (b) notify all member Sacco societies; and (c) report to the Committee of the National Assembly responsible for matters relating to co-operatives".

Committee Observation/Recommendation

The committee rejected this proposal on the grounds that Sections 51 and 52 of the Sacco Societies Act (Cap. 490B) contains provisions on statutory management and section 61 of the Co-operative Societies Act, Cap. 490) contains provisions on dissolution of secondary societies. This has been sufficiently addressed by the aforementioned sections thus the proposal is not necessary.

Section 55

228. Amend the section by inserting the following new subsection, "(4) *Every deposit-taking Sacco society and every secondary co-operative society licensed under this Act shall contribute to the Deposit Guarantee Fund at the rate of not less than 0.15% of total protected deposits per annum, payable quarterly. The Authority shall publish the aggregate contributions and fund balance in the Kenya Gazette annually*".

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that this proposal is likely to defeat the principal objects of the Bill.

Section 56

229. Amend the section by inserting the following new subsection, "(1) *The chairperson of the Board of Trustees shall be appointed by the President on the recommendation of a selection panel comprising representatives of the Central Bank, the Capital Markets Authority, and the Insurance Regulatory Authority, and shall not be a serving officer of any co-operative society, the Commissioner's office, or SASRA. No person who has held office as a director or senior officer of a Sacco society within the preceding five years shall be eligible for appointment*".

Committee Observation/Recommendation

This proposal was not adopted by the Committee because CBK, Capital Markets Authority and the Insurance Regulatory have no role in the SACCO sector hence cannot be part of the selection committee.

Section 57A

230. Delete the entire subsection (1). Insert the following paragraph, "*The protection under subsection (1) shall not apply where the Board of Trustees has acted negligently, in bad faith, or in contravention of this Act*".

Committee Observation/Recommendation

The committee rejected this proposal. The committee observed that the proposal is unnecessary, as contraventions of the provisions of the Act are already subject to penalties.

Section 59

231. Amend the section by inserting the following new subsection, "(12) *Upon the license of a Sacco society becoming insolvent, the Board of Trustees shall commence payment of protected deposits within ninety days. Failure to commence payment within that period shall entitle the affected member to petition the High Court for an order compelling payment*".

Committee Observation/Recommendation

This proposal was adopted by the Committee.

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS

Having considered the Bill, the Committee made the following observations on the Sacco Societies (Amendment) Bill (*National Assembly Bill No. 32 of 2025*):

1. The proposed amendments to the Sacco legislative framework represent a significant attempt to modernise the regulation, supervision, and stability of the cooperative financial sector in Kenya. The reforms are broadly anchored on strengthening prudential oversight, enhancing governance standards, improving liquidity management, and reinforcing the protection of members' deposits through a more structured guarantee framework.

2. The Bill makes it a criminal offence to conduct central liquidity and shared services business without a SASRA licence, ensuring that no entity can operate in this space outside the regulatory framework.

3. The Bill requires a licensed secondary co-operative society to maintain prescribed capital and liquidity adequacy requirements at all times, ensuring it holds sufficient financial buffers to meet its obligations to member Saccos.

4. The Bill requires that no person sits on the Board or serves as a senior officer without prior approval by SASRA in line with the criteria prescribed in regulations, directly addressing the governance standards necessary for entities handling pooled Sacco funds.

5. The Bill gives SASRA explicit powers to conduct on-site and off-site supervision, approve auditors, collect data, and approve annual audited accounts thus eliminating any jurisdictional ambiguity over which the regulator oversees such entities.

6. The Bill attempts to address the gaps in operationalisation of the DGF by restructuring the Board of Trustees, inserting a good faith liability protection for trustees and officers, clarifying the claims procedure, and introducing a *Gazette*-based commencement mechanism for DGF payments.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATION

The Committee having reviewed the Sacco Societies (Amendment) Bill *(National Assembly Bill No. 32 of 2025)* recommends that the House approves the Bill with amendments as proposed in the Schedule in Chapter Seven of this Report.

CHAPTER SEVEN

7.0 SCHEDULE OF PROPOSED AMENDMENTS

The Committee proposed the following amendments to be considered by the House in the Committee Stage:

Clause 4

THAT, clause 4 of the Bill be amended by inserting the following new provisions —

1. by inserting the following new provision immediately after section 5.
   (2) In exercising its functions under this Act, the Authority shall be guided by the principles of—
   (a) Proportionality;
   (b) Transparency;
   (c) Accountability; and
   (d) Promotion of corporate autonomy.

Justification

The amendment introduces principles to guide SASRA when exercising functions under the Act to check regulatory powers of SASRA and ensures supports proportionate and accountable regulation.

Clause 5

THAT, clause 5 of the Bill be amended—

(a) in the new proposed clause 28B by inserting the following new section immediately after section (1) —

(2) A secondary co-operative society shall at all times maintain member deposits in a segregated trust account.

(3) Subject to subsection (2), member deposits shall not be collected or held together with the society's operational funds, deployed into equity investments in subsidiaries or associated entities, or used as collateral for the society's own borrowings, except with the prior written approval of the Authority and disclosure to the affected member Sacco societies.

Justification

The amendment requires member deposits to be held in a segregated trust account and bars commingling with operational funds or use for equity investments and collateral without approval and disclosure to prohibit deployment of member deposits into non-core investments and protects member funds in secondary societies.

(b) in the new proposed clause 28 C by inserting the following new paragraph immediately after paragraph (e) —

(e) enter into any transaction with a related party, subsidiary, or associated entity exceeding five percent of its total assets without prior written approval of the Authority and disclosure to its member Sacco societies at the next annual general meeting.
(f) indirectly engage in retail financial services through affiliates, agents, or nominee arrangements

Justifications

1. The amendment requires prior written approval of the Authority and disclosure to member Sacco societies for related party transactions above five percent of total assets in order to prohibit deployment of member deposits into non-core investments and limit related party risk.
2. The amendment bars indirect engagement in retail financial services through affiliates, agents, or nominee arrangements. This measure protects funds of members of Sacco societies and keeps secondary society business within the licensed framework.

(c) in the proposed clause 28E by inserting the following new section immediately after section (2) —
(3) The Authority shall determine an application within ninety days.
(4) Where an application is rejected, the Authority shall communicate the decision to the applicant, with reasons, within seven days of the decision.
(5) An applicant aggrieved by a decision under this section may appeal to the Tribunal.

Justification

The amendment sets a ninety-day decision period, a seven-day communication period for rejection with reasons, and an appeal to the Tribunal. The amendment provides timelines for licensing and appeal rights for aggrieved applicants and guarantees certainty and fairness in licensing.

(d) in the proposed section 28G by numbering the existing provisions as subsection (1) and by inserting the following new paragraph immediately after paragraph (b), and by renumbering the subsequent paragraphs:

"(c) a member of the Board of Directors elected or appointed under paragraph (b) shall hold office for a term of three years and shall be eligible for re-appointment for one more term of up to three years".

Justification

The amendment limits a board member elected under paragraph (b) to a three-year term and one further term of up to three years. The amendment provides term certainty and limits prolonged occupancy of board office.

(e) in the proposed section 28G by inserting the following new subsection immediately after subsection (1):
"(2) The Board of Directors shall elect a non-executive chairperson from among the non-executive directors elected by the member Sacco societies.".

Justification

The amendment requires the Board of Directors to elect a non-executive chairperson from among non-executive directors elected by member Sacco societies.

(f) in the proposed section 28G by inserting the following new paragraph immediately after paragraph (g):
"(h) the society shall adopt and enforce a policy to manage conflict of interest".

Justification

The amendment requires the society to adopt and enforce a conflict-of-interest policy and provides a framework for managing conflicts.

(g) in the proposed section 28G by inserting the following new subsections immediately after subsection (2):
"(3) A director, the chief executive officer, or a senior officer of a secondary co-operative society shall comply with the following requirements on conflict of interest.

(4) A person under subsection (3) shall—
(i) avoid any situation in which the private interest of the person conflicts, or appears to conflict, with the duties of the person to the secondary co-operative society;
(ii) disclose in writing to the Board of Directors any private interest that the person holds in a matter before the Board, including any interest held by a spouse, a relative, or a business associate;
(iii) not participate in any deliberation or vote on a matter in which the person has a private interest;
(iv) not use information obtained in the course of official duties, which is not available to the public, to further a private interest;
(v) not award or influence the award of a contract, or grant any preferential treatment, to the person, a spouse, a relative, or a business associate.

(5) The disclosure under subsection (4)(ii) shall be recorded in the minutes of the meeting at which the matter is considered.".

Justification

The amendment sets duties for directors, the chief executive officer, and senior officers on conflict of interest, including avoidance, written disclosure, abstention, misuse of information, and preferential treatment and gives operational content to the policy on conflict of interest.

(h) in the proposed section 28G by inserting the following new paragraph immediately after paragraph (h):
"(i) the society shall publish annual disclosures on governance, risk exposure, and financial performance.".

Justification

The amendment requires a secondary cooperative society to publish annual disclosures on governance, risk exposure, and financial performance. The proposal supports transparency for member Sacco societies.

(i) in the proposed section 28I by deleting the existing provision and substituting the following new provision:

"28I. (1) A person who contravenes the provisions of this Part commits an offence and shall be liable, on conviction, to a fine not exceeding 5 million shillings or to imprisonment for a term not exceeding 7 years or both.

(2) A director or senior officer of a secondary co-operative society who authorises or permits the use of member deposits for purposes not sanctioned by this Act or by the Authority shall be personally liable, jointly and severally with the society, for losses occasioned thereby, and shall be guilty of an offence punishable under subsection (1).".

Justification

The amendment provides an enhanced general penalty of a fine not exceeding five million shillings or imprisonment not exceeding seven years or both for contravention of Part.

(j) in the proposed section 28J by inserting the following new paragraph immediately after paragraph (a):

"(aa) the minimum criteria and requirements for shared services provided by a secondary cooperative society to member Sacco societies;".

Justification

The amendment allows SASRA to prescribe minimum criteria and requirements for shared services provided by a secondary society to member Sacco societies. This proposal supports consistent standards for shared services.

Clause 6

THAT, clause 6 of the Bill be amended in paragraph (a)—

(i) by deleting subparagraph (i) and substituting therefor the following new subparagraph—

"(i) by deleting paragraph (a) and substituting therefor the following new paragraph—

(a) a non-executive chairperson who shall be elected from among persons nominated by Sacco societies by virtue of knowledge and at least fifteen years of professional experience in banking, supervision and regulation of financial institutions, insurance, commerce, law, accountancy or economics".

Justification

The amendment changes the mode of selection of the chairperson of the Board of Trustees. The purpose of the proposal is to reduce direct executive appointment and to anchor the chairperson in the Sacco sector. The amendment retains the professional experience requirement in the Bill.

(ii) by deleting subparagraph (iv) and substituting therefor the following new subparagraph—

"(iv) by deleting paragraph (f) and substituting therefor the following new paragraph—

(f) two persons of opposite gender nominated by the duly registered secondary co-operative society for the time being representing the majority of Sacco societies to which this Act applies and appointed by the Cabinet Secretary from persons recommended for such appointment by virtue of their knowledge and not less than ten years of expertise or experience in co-operative or banking financial supervision".

Justification

The amendment clarifies the nomination route for the two persons under paragraph (f). It preserves the role of the Cabinet Secretary in appointment and the gender requirement. It also ensures that the nominating body is the secondary co-operative society that represents the majority of Sacco societies.

(iii) by deleting subparagraph (v) and substituting therefor the following new subparagraph—

"(v) by inserting the following new paragraph immediately after paragraph (f)—

(fa) two persons of opposite gender nominated by Sacco societies and appointed by the Cabinet Secretary by virtue of their knowledge and not less than ten years of expertise or experience in co-operative or banking financial supervision and regulation".

Justification

The amendment reintroduces a direct nomination role for Sacco societies in the appointment of the two persons under paragraph (fa). It retains the qualifications and experience requirements in the Bill. It also maintains the gender requirement.

Clause 8

THAT, clause 8 of the Bill be amended

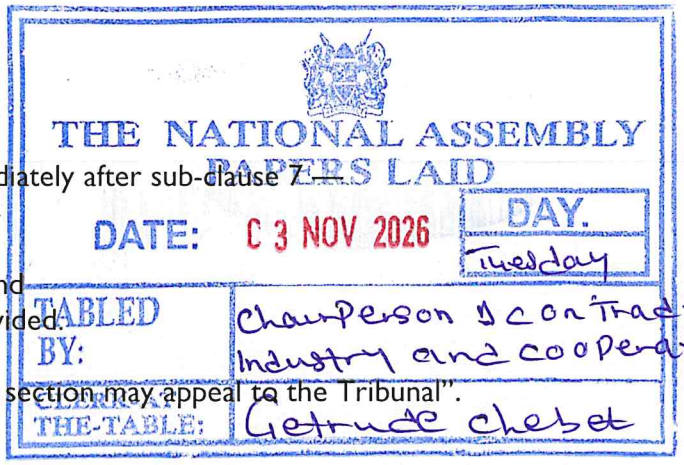
(a) by inserting the following new paragraph immediately after paragraph (a)—

"(aa) by deleting subsection (1) and substituting therefor the following new subsection—

(1) The Deposit Guarantee Fund shall provide protection for member deposits, but not shares, up to an amount of five hundred thousand shillings in respect of each member".

Justification

The amendment increases the maximum protection that the Deposit Guarantee Fund provides for member deposits. The Committee resolved to raise the maximum protection from Kshs. 100,000 to Kshs. 500,000 in order to strengthen confidence in the Fund.



(b) by inserting the following new sub-clause immediately after sub-clause 7—

(8). A claim shall not be rejected unless—

(a) the claimant is offered a fair hearing;

(b) the decision is supported by evidence; and

(c) written reasons as to rejection are provided.

(9). A person aggrieved by a decision under this section may appeal to the Tribunal".

Justification

The amendment provides that a claim shall not be rejected without a fair hearing, evidence, and written reasons, and allows an appeal to the Tribunal. The amendment aims to prevent discretionary refusal of payment from the Deposit Guarantee Fund without due process and protects claimants.

Clause 9

THAT, Clause 9 of the Bill be amended by deleting clause 9 and substituting therefor the following new clause —

59A. (1) Payments out of the Deposit Guarantee Fund shall commence within sixty days of the revocation of a Sacco society's license or authorisation;

(2) The Board of Trustees shall ensure prompt verification and settlement of all valid claims; and

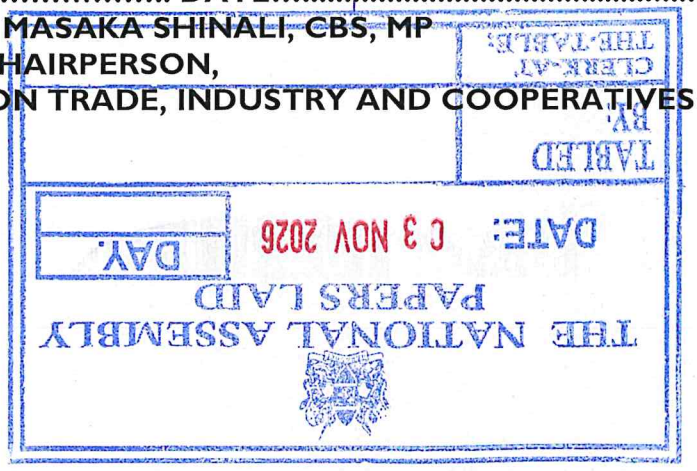
(3) Any delay beyond the prescribed period shall be accompanied by written reasons and shall be subject to judicial review".

Justification

The amendment requires payments from the Deposit Guarantee Fund to commence within sixty days of revocation, requires prompt verification and settlement, and requires written reasons for delay subject to judicial review. The Bill provides for ninety days.

SIGNED..... **DATE**.....03/ 11/2026.....

HON. BENARD MASAKA SHINALI, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Trade, Industry and Cooperatives today, **Tuesday, 27th October 2026** do hereby affix our signatures to this **Report on the Sacco Societies (Amendment) Bill (National Assembly Bill No. 32 of 2025)** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	Hon. Benard Masaka Shinali, CBS, MP - **Chairperson**	
2.	Hon. Marianne Jebet Kitany, MP - **Vice-Chairperson**	
3.	Hon. Adhe Wario Guyo, MP	
4.	Hon. Anthony Tom Oluoch, MP	
5.	Hon. (Dr.) Beatrice Kahai Adagala, MP	
6.	Hon. Joshua Mbithi Mutua Mwalyo, MP	
7.	Hon. Joyce Kamene, MP	
8.	Hon. Robert Githinji Gichimu, MP	
9.	Hon. (Dr.) Wilberforce Ojiambo Oundo, MP	
10.	Hon. Adams Korir Kipsanai, MP	
11.	Hon. Alfred Kiprono Mutai, MP	
12.	Hon. Amos Maina Mwago, MP	
13.	Hon. John Okano Bwire, MP	
14.	Hon. Samuel Sakimba Parashina, MP	
15.	Hon. Michael Wainaina Wambugu, MP	