SACCO REMITTANCE TOOLKIT

NOVEMBER 2025

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Kenya's remittance inflow snapshot

Creating value through **inclusive finance**

Kenya’s Remittance Snapshot

<10%

Adults receiving money from diaspora (%)

USD 2.1B

USA is top source country. Accounts for **51%** of inflows

50%

Percentage of remittances to rural areas

USD 4.9B

Total remittance inflows (2024)

4%

Remittance contribution to GDP

8-9%

Average fee +FX for sending USD 200

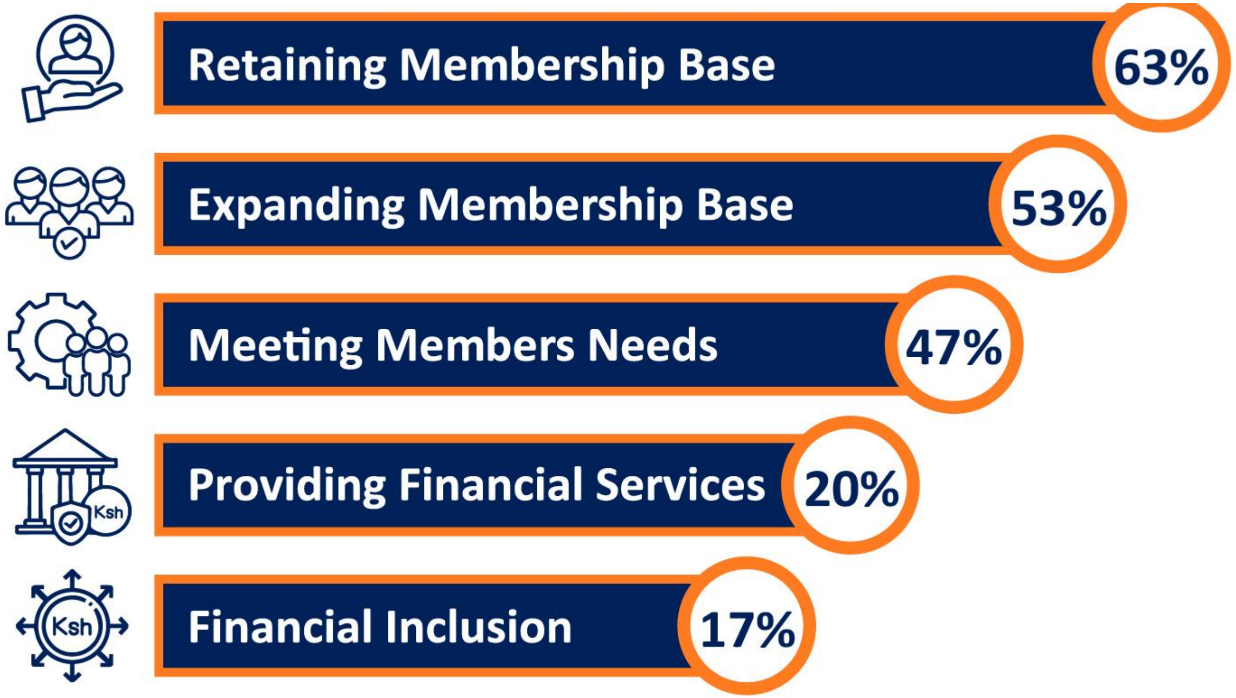
SACCO Outlook 2024

- 7.39 Million Members
  77.4% Active
- 177 DT SACCOs
  178 NWDT SACCOs
- Total Assets
  USD 8.3 Billion, 10.72% Growth
- Savings and Deposits
  USD 5.8 Million, 9.86% Growth
- 48% of SACCOs offer Mobile App based Products and Services
- Kenyan SACCOs are ranked 14th globally and 1st in Africa

- SACCOs are key players in Kenya’s financial sector.
- There is growing membership and increasing demand for secure, real-time services.
- Partnerships with banks, MNOs and Fintechs expand products.

Reasons for SACCOs to offer remittances

Motivations for 22 percent of SACCOs to offer remittance services:



For those that do not offer, barriers include:

-Regulatory constraints and compliance risks

-Limited understanding of viable remittance business models.

-Lack of strategic prioritization

-Low technology readiness.

Determining the SACCO remittance opportunity

4 Million	21.4%	856,000	70%	1.049 Billion
Kenya's diaspora population	SACCO penetration	Estimated diaspora SACCO members	Diaspora sending remittances to Kenya	Est total remittance inflows by SACCO diaspora members

USD 739 Million

The SACCO remittance opportunity.

Purpose of the toolkit (1)

- Designed to guide both Deposit-Taking (DT) and Non-Deposit-Taking (NDWT) SACCOs through essential steps of implementing international remittance services.
- Is a hands-on instructional resource for SACCOs and their partners, to move from exploration to full-scale adoption.

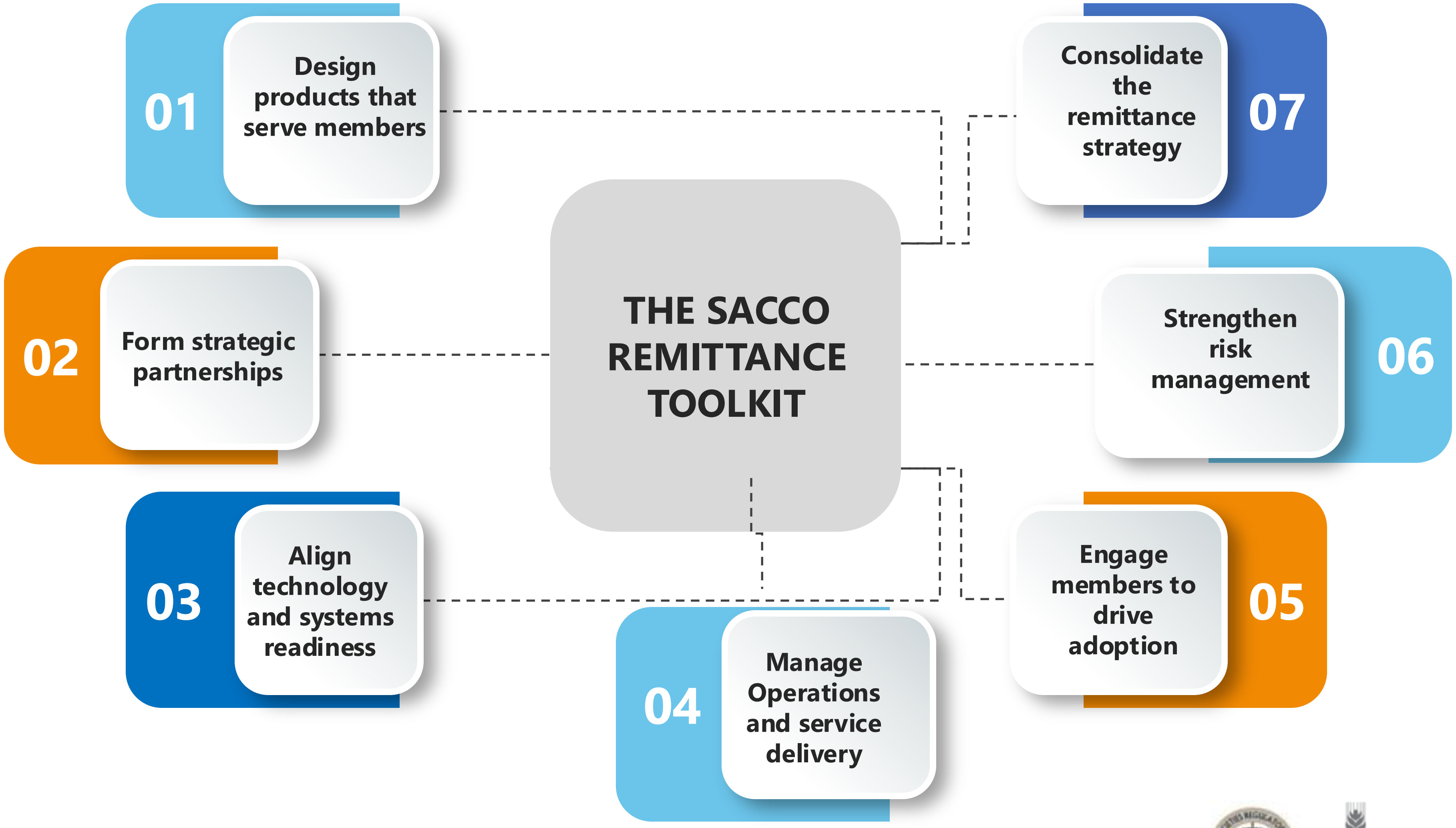
SACCOS	FSPs
A step-by-step guide on how to launch and expand remittance services that meet member expectations while fostering organizational growth.	To identify partnership opportunities with SACCOs to expand distribution networks and reach underserved communities through trusted local intermediaries.

Purpose of the toolkit (2)

Regulators	Development Partners
Identify and address regulatory gaps and guide sector-wide reforms, including finalizing the SACCO Societies Amendment Bill 2025.	Assess market gaps and design interventions that enhance financial inclusion and remittance accessibility for rural communities.

7 Steps to implement a SACCO remittance solution

The 7 steps to implement a SACCO remittance solution



Step 1: Design remittance products that serve members.

- Assess and validate member needs
- Understand the regulatory landscape – SASRA, CBK and FRC
- Decide on suitable remittance model:
    - IMTO Linked model :
    - Digital Integration partnership model

Step 1B: SACCO Remittance Models –IMTO linked model

Bank or Money Transfer Operator (MTO), who is an agent of an IMTO such as Western Union, MoneyGram, or RIA, acts as the primary licensed provider, and the SACCO as sub-agent.

Step 1B: IMTO Linked Model: Benefits and Limitations

Benefits

- Low entry barriers
- Comparatively higher initial returns
- Minimal technology set up costs
- Access to wide IMTO corridor networks
- Clear revenue sharing and co-branding agreements,
- Access to transaction data.

Limitations

- Dependency on the IMTO for systems, uptime and pricing decisions,
- Pricing is often higher than digital options.
- Narrow product scope and channels determined by IMTO
- SACCO member engagement is limited as members can transact with any sub agent or agent.

Step 1B: SACCO Remittance Models-Digital Integration partnership model

SACCO connects with a licensed FSP via API or other. The SACCO acts as a distribution point for digital remittances, while the FSP manages the remittance infrastructure.

Step 1B: Digital integration partnership model: Benefits and Limitations

Benefits

- Quick setup where APIs are available
- Low operational overheads after initial investment
- Integration supports multiple solutions and use cases.
- Improved member experience as solution can target SACCO members
- SACCO can access remittance data directly.

Limitations

- Revenue share model reduces margins when there are multiple FSPs.
- High dependence on partner for systems uptime, compliance, and product changes.
- Higher level of member literacy required.
- Regulatory gaps such as access to NPS, FX handling are not addressed.

Step 1C: Decide on priority corridors, core products and channels.

Corridor prioritization can be based on factors such as:

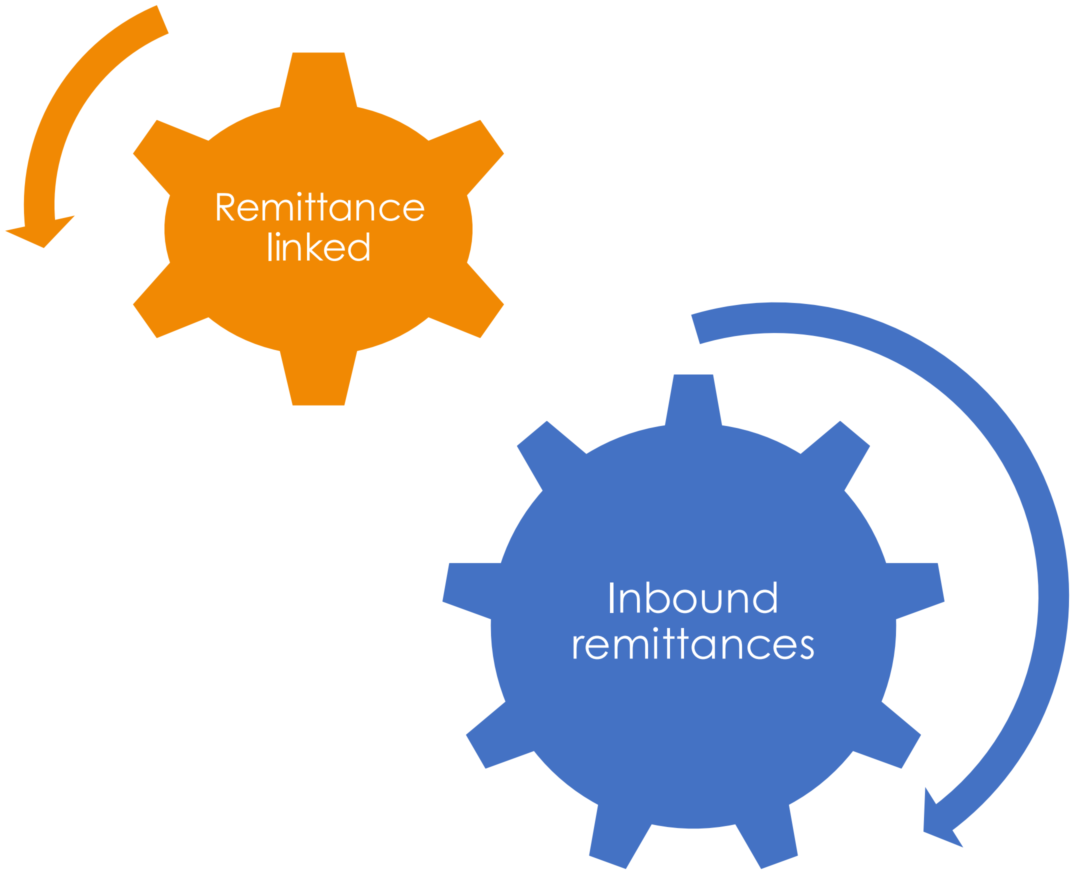
- Member presence abroad: where diaspora members live and work.
- High-potential growth corridors, where remittance inflows are significant but underserved.
- Alignment with SACCO objectives, such as growing membership base, deeper engagement or diversifying revenue
- Corridors well served by partners and have SACCO members

Step 1C: Core products and channels

Core products

- Inbound remittances prevalent to address direct FX handling .
- Remittance linked solutions such as pensions, insurance products, utility, and merchant payments.

Channels- Send channels vary. Receive channels include account , mobile and cash termination depending on purpose of the remittance.



IFAD Investing in rural people

fsd Kenya

Step 1D:Assess financial feasibility and determine pricing

SACCOs can build financial models based on assumptions drawn from findings of the initial member survey and existing remittance data.

Key inputs for financial modelling include:

Fee and FX margins

- Variable and fixed costs
- Fee+FX
- Estimated initial transaction volumes
- Percentage growth anticipated

Step 1E: Regulatory Approval

Before launching or expanding remittance services for either model or other remittance-linked services, SACCOs should obtain the necessary regulatory approvals.

Authorization from SASRA and CBK required for SACCOs under both models
For the IMTO-linked model, SACCOs as sub-agents and principal agents sign the contract, followed by the IMTO and finally approval/no objection by the CBK
For the Digital integration partnership model, this is considered a new product request for a 'no objection' as banks and MRPs are already permitted to offer remittances.

Step 2: Build and formalize strategic partnerships

SACCOs can partner with a range of financial service providers including banks, MTOs. Fintechs etc. and put in place minimum contract provisions.

A partner vetting checklist helps SACCOs systematically assess potential partners based on set criteria.

SASRA regulatory guidelines for SACCOs engaging with third-party FSPs,

Emphasizes need for structured partner vetting to safeguard member funds and ensure operational integrity.

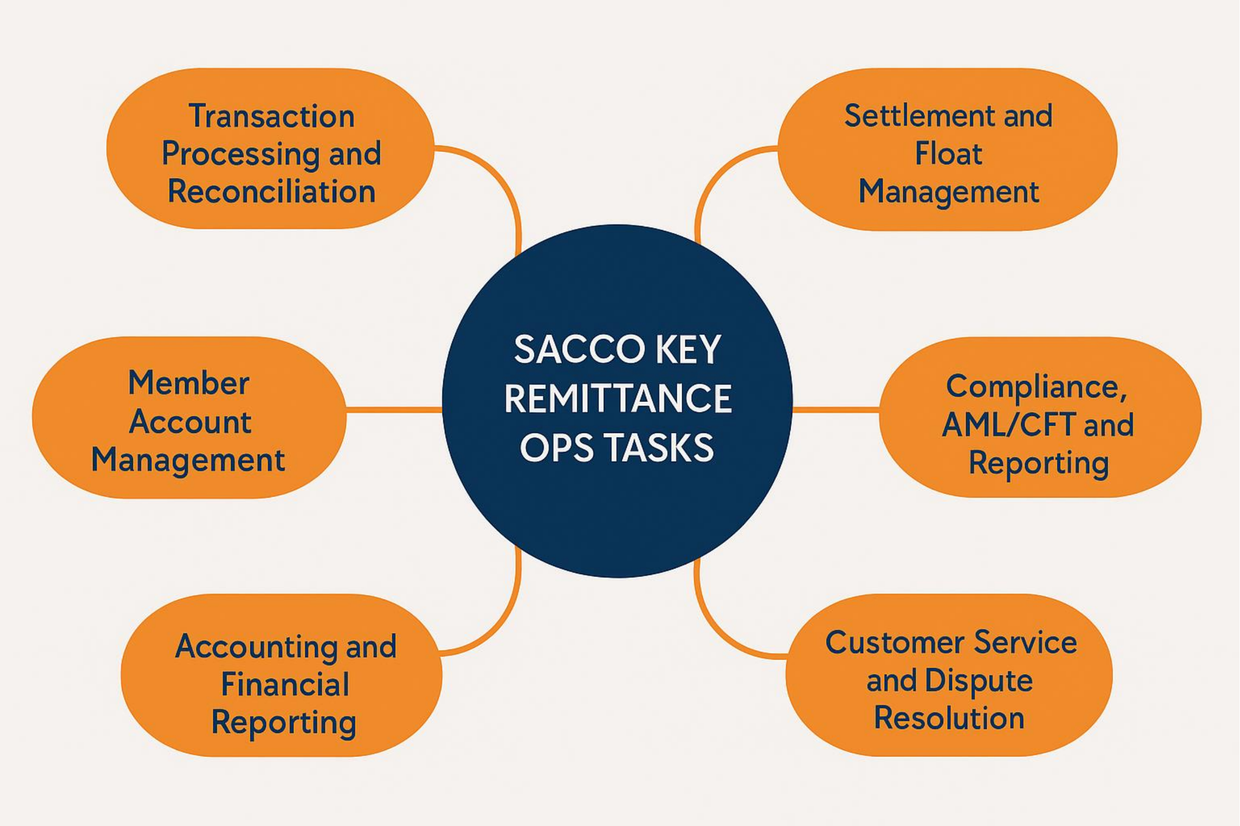
Mandates thorough due diligence covering legal compliance, financial soundness, data protection, and system interoperability.

Step 3: Align technology and systems readiness

Basic Readiness	Intermediate Readiness	Advanced Readiness
Has manual or low- level digital systems.	Has moderate digital ability.	Fully digital and system-ready
No CBS	Real time trx processing	CBS and high speed trx processing.
Limited or no digital channels	Digital channels (USSD, app, or web portal)	Diverse digital channels including ATMs
No API capability:	API integration is possible	Advanced API connectivity
Manual liquidity mgt and reconciliation	Automated reconciliation, manual liquidity mgt	Digital treasury and integrated liquidity management tools.
Weak or ad hoc cybersecurity.	Data protection aligned with CBK and Data Protection Act requirements.	Strong cybersecurity, encryption, and data protection protocols.
Basic reporting	Semi-automated systems and transaction-level data via dashboards/batch files.	Full system integration, member-level reports and compliance alerts.
IMTO linked option after addressing key gaps e.g. Cybersecurity	**IMTO linked or Digital integration with FSP partner(s)**	**Digital integration with FSP partner(s) for multiple use cases and high-volume remittances.**

Step 4: Managing operations and service delivery.

- Partnerships to offer remittances will require the following key back-office operational tasks to ensure smooth service delivery, compliance, and sustainability.



Step 5: Engage members to drive adoption (1)

Value proposition can be tied to long-term benefits . Examples of Value proposition statements:

- Send home fast-cash pickup or direct to your SACCO, low cost and secure.
- Your money home, fast. Cash or your SACCO account.
- Send to Kenya, straight into your SACCO.
- One send. Cash pickup, bill pay, and savings.
- Fast, fair, secure - direct to your SACCO.
- Send smart. Credit your SACCO, grow your goals

Step 5: Engage members to drive adoption (2)

- Engage diaspora members through diaspora targeted events, diaspora associations, and focused social and SMS campaigns.
- Track ROI of marketing spend and providing customer education and staff training are recommended best practices.

Step 6: Risk Management (1)

Remittances introduce new risks while amplifying existing ones

Regulatory	**Regulatory penalties for non-compliance of statutory obligations.**
Operational	Liquidity shortages
	FX fluctuations
Compliance	Internal or external fraud
	Low remittance product uptake
	KYC/AML Breaches
Technology	Censorship or transaction restrictions
	Data breaches
	Remittance system outages
	Cyber-attacks
Reputational	Negative publicity

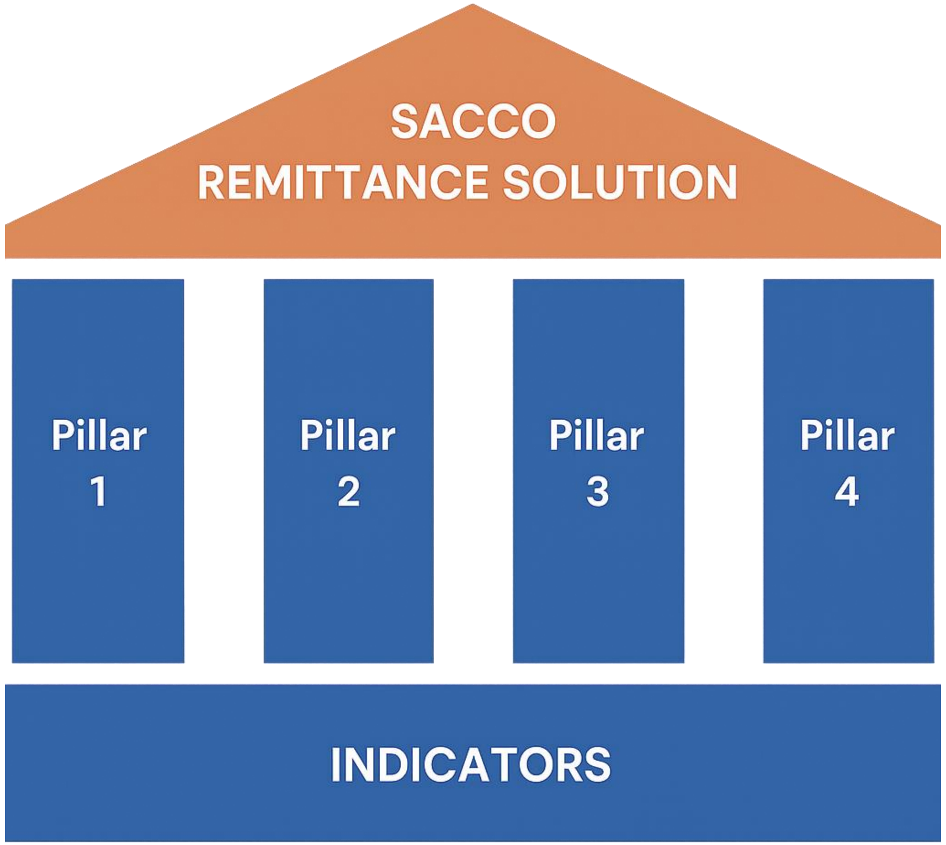
Step 6: Strengthen Risk Management (2)

SASRA issued the ***Guidelines on Risk Management Practices for Regulated SACCOs*** to strengthen governance, internal controls, and risk management frameworks across all business activities.

SACCOs without a **risk register** can develop and maintain one-a useful tool to prepare, track and strengthen risk mitigations.

Step 7: Consolidate the SACCO remittance strategy

Consolidate outlined steps and relevant information into a SACCO remittance strategy that guides implementation.



Recommendations and Next Steps

Recommendations- SACCOs

Build a dedicated, sector-wide SACCO remittance capacity development programme

Establish a remittance E-Learning Academy to sustain institutional skill development

Collect and use remittance data for pricing, corridor, and product development decisions

Integrate gender inclusion into product design and reporting. Collect data and establish guidelines

Recommendations- Regulators and Development partners

Regulators
Finalize amendments to the SACCO Societies Act (2008) enabling SACCO Shared Services.

Regulators
Issue clearer guidelines on SACCO participation in remittance services

Development Partners
Support toolkit implementation for lower tier SACCOs

Development Partners
Support capacity development and technical assistance for SACCO remittances

Next steps for SACCOs and FSPs

SACCO	FSP
• Develop a 3–5-year remittance strategy to facilitate development of a SACCO remittance service. • Select a remittance champion establishing remittance desks • Create peer-learning platforms and opportunities for knowledge dissemination.	• Create opportunities for co-creating remittance solutions with SACCOs. • Provide white-label API solutions for SACCO integration and support shared digital channels. • Prioritise SACCOs with a large rural reach for pilot partnerships. • Offer joint data-sharing frameworks to improve transparency and performance tracking.

Creating value through **inclusive finance**

THE END

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