SACCO remittance toolkit

A practical, step-by-step playbook for SACCOs to design, launch, and scale cross-border remittance services

IFAD Investing in rural people

fsd Kenya

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About SASRA

The Sacco Societies Regulatory Authority (SASRA) is a government agency established under the Sacco Societies Act of 2008 to regulate and supervise deposit-taking SACCOs in Kenya. SASRA's mandate is to ensure that Saccos operate within the law and provide a safe, sound, and stable financial system that benefits SACCO members and the broader economy.

About FSD Kenya

Financial Sector Deepening Kenya (FSD Kenya) is an independent trust dedicated to the achievement of a financial system that delivers value for a green and inclusive digital economy while improving financial health and capability for women and micro and small enterprises (MSEs). FSD Kenya works closely with the public sector, the financial services industry, and other partners to develop financial solutions that better address the real-world challenges that low-income households, micro and small enterprises, and underserved groups such as women and youth face. Current FSD Kenya funders are UK International Development, the Swedish International Development Cooperation Agency (Sida), The International Fund for Agricultural Development (IFAD), and the Gates Foundation.

About IFAD

IFAD is an international financial institution, and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US$25 billion in grants and low-interest loans to fund projects in developing countries.

IFAD's US$75 million multi-donor Financing Facility for Remittances (FFR) aims at maximising the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

This study was conducted by FSD Kenya under the PRIME Africa programme, co-funded by the European Union (EU) and with contributions of the Government of Luxembourg, the Ministry of Foreign Affairs and Cooperation of the Kingdom of Spain, and the Swedish International Development Cooperation Agency (Sida). The study aims to evaluate how Savings and Credit Cooperative Organisations (SACCOs) can facili-tate remittances, particularly to rural populations.

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Table of **contents**

Acronyms and **Abbreviations**

API	Application Programming Interface
CBK	Central Bank of Kenya
CDD	Customer due Diligence
DT	Deposit Taking (SACCO)
DTB	Diamond Trust Bank
FO	Filipino Overseas
FOSA	Front Office Services Activity
FSD Kenya	Financial Sector Deepening Kenya
FRC	Financial Reporting Centre
FSP	Financial Services Provider
FX	Foreign Exchange
GDP	Gross Domestic Product
IFAD	International Fund for Agricultural Development
IMTO	International Money Transfer Operator
KYC	Know Your Customer
MTO	Money Transfer Operator
NATCCO	National Confederation of Cooperatives
NPS	National Payment System
NWDT	Non-Withdrawable Deposit Taking (SACCOs)
RPW	Remittance Prices Worldwide
SACCO	Savings and Credit Cooperatives
SASRA	SACCO Societies Regulatory Authority
SDG	Sustainable Development Goals
SSA	Sub-Saharan Africa
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
WOCCU	World Council of Credit Unions

List of **figures**

List of tables

List of **boxes**

Executive summary

Kenya's remittance inflows have grown rapidly in recent years, rising from USD 3.7 billion in 2021 to USD 4.9 billion in 2024 - equivalent to 4 per cent of GDP (CBK, 2024). This places Kenya among Africa's largest remittance receiving markets, alongside Egypt, Nigeria and Morocco. The Kenyan diaspora is also expanding steadily, reaching an estimated population of four million people in 2024.

At the same time, SACCOs continue to deepen their footprint in Kenya's financial sector. One in every four adults is a member of a SASRA-licensed SACCO (KNBS, 2019, SASRA 2025), and more than 7.3 million Kenyans actively use SACCO services through 645 ront Office Service Activity (FOSA) branches nationwide (SASRA, 2025). SACCOs are important and trusted financial institutions in rural and informal economies and are increasingly digitalised.

Despite their reach and trust, SACCOs capture only a small share of Kenya's remittance flows. A 2024 study by SASRA, FSD Kenya and IFAD shows that only 22 per cent of SACCOs currently offer remittance services, despite two-thirds of non-participating SACCOs expressing interest in entering the market The study identifies three main barriers: limited technical capacity, uncertainty around regulatory requirements, and the absence of documented remittance strategies aligned with board and management expectations.

These gaps represent a missed opportunity. If equipped with the right partnerships, systems, and compliance frameworks, SACCOs could channel an **estimated USD 734 million** annually in diaspora remittances through their networks[1]. Doing so would expand formal access to remittances, strengthen member loyalty, mobilise savings, and reinforce SACCOs' role as inclusive financial service providers, particularly for rural households.

Purpose of the toolkit

This toolkit responds to that opportunity. Developed through extensive consultations with SACCOs, regulators, and financial service providers, and informed by the 2024 multi-stakeholder study covering 140 SACCOs, it provides practical, step-by-step guidance for SASRA-regulated SACCOs seeking to offer cross-border remittance services.

It aims to help SACCOs enter the market in a compliant, secure, and sustainable manner, supporting:

- Deposit-taking SACCOs (DT-SACCOs) offering remittances through Front Office Service Activity (FOSA) or integrated digital channels.
- Non-withdrawable deposit-taking SACCOs (NWDTs) facilitating diaspora contributions, investments, and loan repayments.
- SACCO umbrella bodies, regulators, financial service providers and development partners building partnerships and scalable delivery channels.

What the toolkit provides

The toolkit outlines a clear seven-step pathway that includes understanding member needs and selecting the most suitable remittance model, structuring partnerships, upgrading systems, managing compliance, engaging members, and consolidating a medium-term remittance strategy. Together, these steps equip SACCOs to design demand-driven products, integrate effectively with licensed partners, strengthen operational governance, and scale remittance services responsibly.

Next steps for the sector

To fully realise the opportunity, coordinated action is required:

SACCOs

- Where analysis confirms financial and strategic value, develop a 3–5-year remittance strategy, pilot basic inbound services, appoint a remittance champion, and create dedicated desks for member support and partner management.
- Participate in peer-learning platforms to share early lessons and build collective capacity.

[1] Source: Author's own calculations. See Figure 5 below.

Financial service providers

- Co-design solutions with SACCOs, offer white-label APIs and shared digital channels, and pilot services with SACCOs that have strong rural outreach.

Regulators

- Accelerate policy initiatives that will enhance the role of regulated secondary SACCOs in remittance operations, provide guidance and collect and report statis-tics on remittances delivered through SACCOs.

Development partners

- Support capacity-building, pilots, gender-responsive product development, and the establishment of a SACCO Remittance Academy and policy roundtables to track sector progress.

Empowering SACCOs to participate meaningfully in Kenya's remittance market has the potential to unlock hundreds of millions in diaspora flows each year - strengthening the cooperative movement, deepening financial inclusion, and expanding opportunities for rural households. With the right partnerships, governance, and technical capacity, SACCOs can become a central pillar of a more inclusive, competitive and resilient remittance ecosystem in Kenya.

1 SACCO remittance overview

In 2024, remittance inflows to Kenya reached approximately USD 4.9 billion, representing an 18 per cent increase from the previous year and accounting for about 4 per cent of Kenya's GDP (CBK, 2024). North America contributed the largest share, amounting to USD 2.8 billion, followed by Saudi Arabia, the United Kingdom, Germany, and Australia. Kenya maintained its position as one of Africa's leading remittance recipients, ranking fourth after Egypt (USD 29.6 billion), Nigeria (USD 21.3 billion) and Morocco (USD 12 billion) (World Bank, 2024).

Table 1: Kenya's remittance snapshot

Indicator (2024)	Value/Percentage	Notes
Adults receiving money from family or friends living abroad (%)	Less than 10% in developing countries and 13% in SSA[2]	SSA has the highest rate of adults receiving remittances followed by Europe and Central Asia (12%) and Latin America and the Caribbean (8%)
Total remittance inflows	USD 4.9 billion	Highest recorded in Kenya's history.
Top source country	United States USD 2.1billion (~51%)	Other major sources include Saudi Arabia (USD 403K), UK (USD 357K), Germany (USD 197K) and Australia (USD 194K).
Adults receiving international remittances in rural areas	20%[3]	Prevalence of international remittances among rural households in Kenya compared to 45% in Senegal and 20% average for low and middle-income countries (LMIC).
Number of Kenyans overseas	4 million (2024)[4]	Main countries of migration: USA, Saudi Arabia, UK, Germany, and Australia.
Reliance on remittances	4% of GDP	Steady but marginal increase
Percentage of remittances to rural areas	~50%[5]	Rural areas often have fewer formal financial service options. SACCOs have strong presence in rural areas. Remittances have been found to be the first financial service that rural people have access to. When remittances are linked with other other financial services, they can accelerate financial inclusion.
Average cost of sending to Africa including Kenya	Africa/Kenya: 8–9%[6]	Higher than average global rate of 6.5% and SDG target of 3% by 2030.

[2] World Bank, 2024. People Move Blog.

[3] Remitscope, 2025. New Insights on Remittances from the Global Findex 2025 - Remitscope.

[4] Ministry of Foreign and Diaspora Affairs, Republic of Kenya, 2024.Diaspora Policy.

[5] CBK, KNBS, & FSD Kenya, 2024. FinAccess.

[6] World Bank, 2023. Remittance Prices Worldwide - Issue 47.

1.2 Why remittances matter for SACCOs

SACCOs are key players in Kenya's financial sector, evidenced by their growing membership and increasing demand for secure, real-time services. Many are already collaborating with banks and Fintechs to offer ATMs, mobile money, and card channels, as well as integrating with other financial service providers (FSPs) through Pesalink and engaging in agency banking.

Figure 1: SACCO snapshot 2024.

*Active is defined as members meeting regular contribution thresholds
* SACCO ranking determined by Total assets, total savings, and loans.

Sources: SASRA (2024), WOCCU (2023).

A study by FSD Kenya, SASRA, and IFAD found that 22 per cent of SACCOs currently provide remittance services through partnerships with FSPs. About one-third of these SACCOs are non-withdrawable deposit-taking (NWDT) SACCOs. Those that participated in remittance services were motivated by factors outlined below:[7]

Figure 2: Motivations for SACCOs to offer remittances.

Source: FSD Kenya, SASRA, IFAD et al, 2024

Despite strong demand and rural reach, many SACCOs face internal and external challenges:

- Limited understanding of viable remittance business models
- Lack of senior management buy-in or strategic prioritisation
- Regulatory constraints and perceived compliance risks
- Difficulty securing technology partners with SACCO-specific expertise.

The SACCO opportunity is valued at USD 734 million annually in diaspora remittance inflows to Kenya. This emphasises the strategic importance of enabling SACCOs to participate in Kenya's remittance ecosystem and highlights the strategic role SACCOs can play within the country's remittance framework.

Kenya's diaspora population is approximately 4 million, with around 856,000 SACCO members abroad (about 21%). In 2024, the Central Bank of Kenya (CBK) reported USD 4.9 billion in total diaspora inflows, with an average of USD 1,225 per sender each year. According to CBK's 2021 survey, 70% of diaspora SACCO members send money home, indicating a potential remittance total of USD 734 million through SASRA-licensed SACCOs.

[7] FSD Kenya, 2025. Blog. Unlocking cross-border remittances: A new chapter for SACCOs in Kenya.

Table 2: Estimated SACCO remittance opportunity 2024

Indicator	Value	Source
Diaspora population	4 million	State Dept of Diaspora Affairs 2024
Estimated SACCO members in diaspora	856,000	Based on 21.4% penetration (7.39M members / 34.5M adults (SASRA et al, 2023)
Average annual remittance per sender	$1,225	Derived from $4.9B / 4M
Potential SACCO-linked remittances	$1.049 billion	Total volume from diaspora SACCO members
Percentage remitting from the diaspora to Kenya.	70%	CBK Diaspora Remittance Survey (2021)
Adjusted SACCO opportunity	$734 million	Using 70% based on above CBK diaspora survey data.

1.3 Understand the purpose of the SACCO remittance toolkit

The SACCO Remittance Toolkit is designed to guide both Deposit-Taking (DT) and Non-Withdrawable Deposit Taking SACCOs in Kenya through the essential steps of implementing international remittance services.

- Derived from consultations with five SACCOs at various stages of remittance integration, this toolkit provides actionable insights, tools, checklists, case studies, and templates that can be tailored to suit each SACCO's operational context and member needs.
- It serves as a practical instructional resource for SACCOs and partners during the process of launching remittances.

What this toolkit offers

- **For SACCOs:** A step-by-step guide on how to launch and expand remittance services that meet member expectations while fostering organisational growth.
- **For Deposit-Taking SACCOs (DTs):** Insights on how to establish and grow remittance channels, and solutions that enable members to send funds directly through the SAC-CO's FOSA or other integrated systems.
- **For Non-Deposit-Taking SACCOs (NDWTs):** lays out ways to broaden member options for remitting contributions, loan repayments, and investment funds, making it more convenient while strengthening financial engagement.
- **For SACCO umbrella organisations and central institutions:** Learn how to foster partnerships between individual SACCOs and licensed FSPs, utilising shared infrastructure and collective bargaining power to secure better terms.
- **For financial service providers:** Identify partnership opportunities with SACCOs to expand distribution networks and reach underserved communities through trusted local intermediaries.
- **For regulators and policymakers:** This toolkit helps identify regulatory gaps and steer sector-wide reforms, particularly as Kenya advances the implementation of the SACCO Societies Amendment Bill 2025.
- **For international development partners:** The toolkit can assist in guiding technical assistance programmes to identify market gaps and develop interventions that improve financial inclusion and remittance access for rural communities.
- **Board and senior management buy-in:** Before rolling out remittance services, SACCOs should begin with a clear and structured preparation phase. This starts with securing committed buy-in from the board and senior management, assigning a small implementation team, and reviewing the key resources and tools provided in this section to identify gaps and define next steps.

Strong leadership support is essential for a successful and sustainable remittance offering. Board and senior management endorsement signals institutional commitment, ensures strategic alignment, and enables effective allocation of financial and human resources. Their involvement also strengthens teamwork across departments and provides a foundation for consistent monitoring and results tracking.

To keep leadership engaged throughout implementation, SACCOs should hold regular briefing sessions to build understanding of remittances, agree on milestones, and troubleshoot emerging challenges. Visible and active participation from senior leaders also signals credibility and readiness to partners and regulators—an important factor for long-term operational viability.

As part of the initial preparation, SACCOs should make use of the following tools and resources:

- SACCO Remittance Readiness Checklist (Annex 1): Assesses operational, technological, regulatory, and financial preparedness. This helps SACCOs identify strengths and gaps early, reducing risks and avoiding costly implementation missteps.
- Key Reference Materials

For SACCOs to successfully launch and sustain remittance services, senior management and board-level buy-in is essential. Their approval demonstrates organizational support and ensures strategic alignment, resource allocation, teamwork and results tracking. SACCOs should involve senior management at key stages of implementation. To keep leadership engaged, SACCOs can hold regular sessions with senior management to build understanding of remittances, secure their commitment, discuss milestones and address implementation challenges. Active engagement from senior leaders also shows institutional readiness to partners and regulators, which strengthens credibility and long-term viability.

Review the following resources:

- SACCO remittance insights - The role of SACCOs in International Remittance in Kenya and SACCO's current and target member profile on the latest FinAccess Household Survey, 2024.
- Latest diaspora remittance inflow statistics from the CBK website[8]
- Regulatory requirements for money remittance services from the CBK website[9]
- Regulatory Guidance from regulators such as SASRA[10], Financial Reporting Centre[11], and the Data Protection Commissioner[12]
- Insights from development partners (e.g., IFAD, FSD-K, IFC, GIZ, UNCDF) on remittance trends, pricing, and market development.

[8] https://www.centralbank.go.ke/diaspora-remittances/

[9] https://www.centralbank.go.ke/wp-content/uploads/2016/08/The-Money-Remittance-Regulations-2013.pdf; https://www.centralbank.go.ke/images/docs/Licensing%20Procedures/LICENSINGMONEYREMITTANCE.pdf

[10] https://www.sasra.go.ke/acts-regulations/

[11] https://www.frc.go.ke/

[12] https://www.odpc.go.ke/

2 Seven steps to establish a SACCO remittance solution

The seven practical steps assist SACCOs in designing, implementing, and expanding international remittance and diaspora/remittance-related products and services. SACCOs can use the toolkit flexibly by concentrating on the sections most relevant to their current stage of readiness. This allows them to draw on the guidance provided to develop an implementation plan aligned with their priorities.

The steps are not sequential but provide an indication of the current stage of the SACCO's implementation.

Step 1: Design remittance products that serve members

Successful remittance programs begin with a deep understanding of member needs. A strong design process ensures that remittance services are relevant, competitive, and aligned with member needs.

1a) Assess and validate member needs

As a SACCO, begin with a survey to understand diaspora members, their financial behaviour and challenges they face with current remittance options. The survey results form the foundation for product design decisions.

Use the survey as a guide to explore some core areas, including:

- **Diaspora size:** What is the size of the diaspora that the SACCO can serve?
- **Diaspora profile:** Where are the members located? What do they do for a living? How long have they been in the diaspora?
- **Sending patterns:** Do they regularly send funds to Kenya? Purpose, is it for family support, loan repayment, or investment? How often do they remit funds, through which channels, and what are the values?
- **Priorities:** What factors matter most to them, speed, cost, convenience, or payout flexibility?
- **Gaps:** What gaps do they face with existing remittance providers, and what new or improved services would they prefer from their SACCO?

QUICK TIP

Conduct a member remittance survey via Whatsapp, email or directly during diaspora engagement events. Include questions about preferred send and receive methods, desired services such as bill payment, direct to account; and gaps with current solutions.

SACCOs should

Develop and administer a short survey (digital or physical) targeting diaspora members.

- Collect at least 100 responses to establish a reliable baseline of member remittance behaviour. Consider utilising the sample SACCO baseline survey (Annex 2) to help structure the data collection process.
- Confirm and clean the SACCO and FSP partners' diaspora and remittance records, then analyse the consolidated dataset.
- Summarise findings in a short report highlighting key insights into member remittance behaviour, gaps and initial ideas of remittance products. Data can be maintained in the member database for future reference.

1b) Determine the remittance model

In Kenya, SACCOs operate under the supervision of the SACCO Societies Regulatory Authority (SASRA). On the other hand, international remittance activities fall under the Central Bank of Kenya (CBK), which regulates all licensed financial service providers (FSPs) involved in money transfer operations. This creates a gap in that SACCOs cannot:

- Directly access the National Payments System (NPS).
- Handle foreign exchange transactions.
- Operate as licensed remittance providers.

Obtaining a CBK remittance license would require a SACCO to restructure into a limited liability company, subject to shareholder vetting, include the words" Money Transfer" in its name, and meet minimum capital requirements. These obligations often conflict with SACCO's cooperative model, making direct licensing by CBK untenable.

SACCOs can participate in the remittance ecosystem through strategic partnerships with CBK-licensed FSPs. The SACCO remittance research study conducted in 2024 identified two categories of remittance models that SACCOs can leverage[13]:

Model 1: IMTO-linked model
Model 2: Digital integration partnership model

The two models share certain structural similarities and operational parallels, while also exhib-iting distinct differences, as outlined below.

Model 1: IMTO-linked model

IMTOs are specialised FSPs, such as Western Union, MoneyGram, RIA, etc., who initiate or terminate cross-border transfers through networks of agents or digital platforms. These can then be cashed out or received through bank accounts or mobile money.

In Kenya, IMTOs are not required to obtain a license to offer remittance services. Instead, they operate through 'principal agents' who are the licensed entities, such as banks and licensed money remittance providers (MRPs).

Banks commonly engage SACCOs as sub-agents to expand their remittance footprint through their FOSA networks. Generally, sub-agents prefer banks as principal agents because banks offer foreign exchange (FX), clearing, and settlement services. Some banks in Kenya opt not to offer remittances through this model. Below is a list of Kenyan banks offering remittances as principal agents of IMTOs.

United Bank Of Africa
KCB Kenya
Sidian Bank
SBM Bank
Post Bank
Paramount Bank
National Bank
ABC Bank
ABSA
BOA
Consolidated Bank
Cooperative Bank
Diamond Trust Bank
Ecobank
Equity Bank
Family Bank
Gulf Africa Bank
Investment Mortgage Bank
Kingdom Bank
KWFT

Figure 3: Banks that are principal agents of IMTOs in Kenya

[13] The proposed SACCO Shared Services "SACCO Central" *model highlighted in the same study is under long-term development and is not covered in this toolkit as an option.*

MRPs are legally permitted to recruit sub-agents, which may include lower-tier banks, forex bureaus, Microfinance Institutions (MFIs), SACCOs, and Fintechs. Deposit-taking SACCOs, such as Tower, Thamini, Solutions, Mwalimu and Tai SACCO, currently offer remittances through this model.

Key characteristics include:

- A cash-focused model, other channels such as account and mobile money may be available on a smaller scale.
- Transactions are processed through the IMTO's proprietary platform provided for both the principal agent and sub-agent.
- Revenue is shared between the principal agent and sub agent, typically on a 60–40 or 50–50 basis for the transactions processed by the sub agent. The principal agent retains an agreed amount usually between 10-15 percent of revenue for marketing.
- SACCOs can become a sub agent of one principal agent and offer multiple remittance products from various IMTOs based on their capacity. For example, Tai SACCO is a sub agent of a Kenyan bank and offers both Western Union and MoneyGram remittances.

Annex 3 outlines basic requirements for a SACCO to become a sub agent of a principal agent in Kenya.

Key benefits for SACCOs

- Low technology and licensing entry barriers: No need for direct licensing except approval from SASRA; equally, there are no high-cost technology infrastructure investments.
- Minimal setup costs: the platform is proprietary to the IMTO and does not need to be purchased or developed.
- Global access: SACCOs leverage the IMTO's wide international corridor network.
- Revenue generation: Commission sharing between the SACCO and principal agent can cover operational costs and add value for members.
- Expanded reach: SACCOs can serve existing members and have the option of recruiting new members.
- Enhanced visibility: SACCO outlets co-brand with IMTO agents, strengthening recogni-tion.
- Operational support: IMTOs often provide training, system integration, and technical assistance.
- Data access: SACCOs can view data for transactions they processed.

Limitations to consider

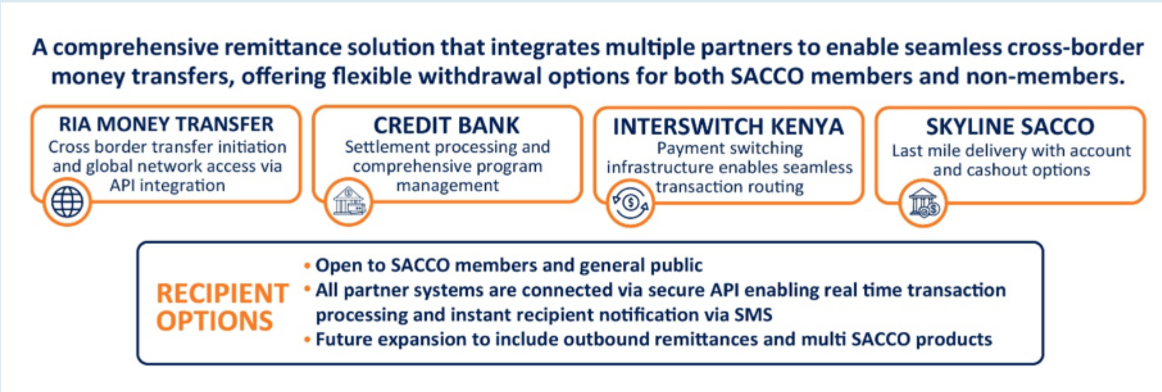
While the IMTO linked model presents an easy entry point, SACCOs may weigh the following limitations before adoption:

- No control over pricing: transaction fees and FX margins are set by the IMTO and are uniform across all the IMTO's principal agents and sub-agents in the country.
- IMTO fees are comparatively higher than other digital-focused options, which can dis-courage price-sensitive members.
- Higher operational costs for 'brick and mortar' branches and cash handling.
- While the model supports both inbound and outbound transactions, SACCOs are currently limited to inbound services. This is because outbound transactions require real-time foreign exchange conversion at the point of transfer, yet SACCOs are not authorised to handle forex directly. In comparison, forex bureaus are licensed to handle foreign ex-change, and as sub-agents can facilitate both inbound and outbound transactions.
- Narrow product scope: except for modifications to terminating channels, the model generally offers limited scope for customized or remittance-linked financial products.
- Limited member engagement: Senders and recipients may transact at any outlet, which presents a challenge when targeting members for engagement and further determining return on investment (ROI).
- Regulatory gap: The issue of SACCOs offering remittances directly remains unaddressed.
- Limited digital potential: this model is often cash focused which may conflict with SACCOs' digital transformation strategies.

Skyline SACCO in partnership with RIA, Credit Bank and Interswitch adopted a hybrid of the IMTO linked model and the digital integration model. Remittances can be terminated to SACCO member accounts via API. See Case study below:

Box 1: Case Study - Skyline SACCO, RIA and Credit Bank hybrid IMTO model.

In February 2025, Credit Bank, in partnership with Skyline SACCO and RIA Money Transfer, launched a remittance service that enables Kenyans abroad to send money for cash pickup or direct deposit into Skyline SACCO accounts. Skyline, a SACCO with over 100,000 members lev-eraged its 14 branches across Nakuru, Baringo, Trans Nzoia, and Nandi to provide easy access for members.



Key lesson for SACCOs:

Partnering with licensed banks and IMTOs provides a fast track to regulatory approval, while leveraging branch networks ensures broad rural reach. RIA, the IMTO, is one among the few who have API enabled integration which improves member experience.

Model 2: Digital integration partnership model

This remittance model can take various forms; it mainly involves a partnership between the SACCO and an FSP, such as a bank, or an MRP. Transactions are routed through an, often, closed-loop platform, with or without API integration. When the FSP is a non-bank entity, a bank partner is required for licensing coverage and to handle settlement functions, as well as for compliance oversight.

This model allows the partners to strategically leverage SACCO membership to drive remittance transaction volumes, while the SACCO benefits from regulatory and technology support. The solution can be offered to multiple SACCOs and targeted FSPs.

Prevalent delivery channels in this model include direct-to-account termination, mobile money, and card-based options. Revenue is shared among participants based on pre-agreed terms; this can take many forms but is mostly a split of the revenues amongst all the partners at agreed upon rates. In some cases, SACCOs in such partnerships did not earn revenue.

SACCOs offering this option include Mwalimu SACCO, which utilises DTBs Xborderpay. Stima SACCO and UNAITAS offer app-based options in partnership with banks and online remittance providers, including Wise and Remitly.

Benefits for SACCOs

- Digital-first delivery: reach diaspora members and rural recipients via mobile and digital channels.
- Quick setup: "plug and play" if APIs are available and SACCO has intermediate/advanced tech readiness.
- SACCOs can have some input into pricing decisions to ensure financial feasibility.
- Can support multiple use cases such as bill and utility payments, investments, and loan repayments.
- Improved member experience: fast, convenient services with options like auto-credit of savings or loans to member accounts.
- Are better equipped to handle higher transaction processing speeds due to enhanced system capacity.
- Revenue diversification: SACCOs can earn transaction commissions and cross-sell other SACCO products.

Limitations of the digital integration partnership model

- SACCOs may have reduced revenue share, especially where revenue is shared by multi-ple FSPs.
- High dependence on the partner for systems uptime, compliance, and product changes.
- Need for robust member education and digital literacy support.
- Regulatory gaps, such as SACCO not being directly licensed, non-participation in NPS and not handling forex, persist.
- Limited control of pricing at the sending side.

DTB and Mwalimu SACCO offer Xborderpay, an example of a digital integration partnership model as described below.

NOTE: SACCOS can operate one or both models successfully.

Box 2: Case study - Mwalimu SACCO and DTB Kenya

DTB Kenya, a licensed commercial bank in Kenya, has extensive experience in remittance services, initially as a principal IMTO agent and also through XborderPay, its proprietary API-driven remittance platform.

Mwalimu SACCO is the largest SACCO in Kenya by assets and operates 18 FOSA branches nationwide.

The two institutions partnered to offer international remittances using both the IMTO linked model and the digital integration partnership model, leveraging existing infrastructure for a swift rollout. This case study outlines the latter.

Digital integration partnership model (XborderPay)

DTB Kenya developed a proprietary app-based remittance service known as Xborderpay and Mwalimu SACCO was recently onboarded. The solution enables real-time, low-cost transfers from the diaspora directly into Mwalimu SACCO accounts.

DTB Kenya handled the remittance licensing, settlement accounts, API platform, and MTO/wallet integration. Mwalimu SACCO manages the member onboarding, KYC verification, front-line sup-port, transaction posting, and reconciliations.

Added member value.

Cash-first users withdraw funds at Mwalimu SACCO branches, while digital-first members benefit from instant, traceable, remittance-to-SACCO account-to-wallet transfers.

On-time loan repayments and share purchases enhance credit performance and member savings.

Revenue Streams: SACCO earns from sub-agency commissions and shared transaction/FX margins.

Trust and Growth: Members gain convenience, banks expand corridor volumes, and partnerships strengthen credibility.

A few implementation challenges were encountered in the process for both partners:

- **Institutional buy-in:** Boards needed clear financial analyses, risk frameworks, and service level agreements prior to endorsement.
- **FX & reconciliation:** Timely, accurate reporting required new technical and business skills.

Key lessons for other SACCOs

- Early regulator engagement and complete compliance documentation shortened the approval pro-cess by SASRA and CBK respectively.
- Clearly defined partner roles and SLAs reduced operational and compliance risks.
- Technology-driven SACCOs with intermediate and advanced readiness implement and scale faster
- Member feedback and surveys are essential to design relevant, digital-first remittance products.

1c) Decide on priority corridors, core product categories and delivery channels

SACCOs can offer remittances across multiple corridors depending on the remittance model selected. The IMTO linked model comes with ready access to a wide corridor network. The digital integrated partnership model coverage often depends on the FSP in the partnership.

Corridor prioritisation 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 under-served.
- Alignment with SACCO objectives, such as deepening member engagement, attracting new diaspora members, or diversifying revenue sources.

CBK remittance data monthly inflow trends by source and World Bank remittance inflow and outflow data for global and regional comparisons are reliable sources. In addition, CBK[14] conducted a diaspora remittance survey in 2021 and in partnership with the Kenya National Bureau of Statistics is currently conducting a National Household Remittances Survey to complement existing sources of remittance data.

This toolkit only considers SACCOs' offer of inbound remittance services through both models; outbound remittances are less prevalent and are outside the scope of the toolkit. Inbound remittance services include:

1. **Inbound remittances** – Funds sent by SACCO and non-SACCO members in the diaspora to SACCO members in Kenya.

   SACCO-specific use cases: member deposit contributions, loan repayments, and investments.

   General use cases: family support, investments for relatives, bill and utility payments, such as school fees and healthcare.

2. **Remittance-linked services**

Remittance-linked products create added value for members by connecting transfers with diaspora savings, loans, pensions, and insurance products, utility, and merchant payments, and bundled services such as diaspora banking or insurance packages.

The Stima SACCO case study below illustrates a SACCO using multiple partnerships and channels for remittances.

[14] Central Bank of Kenya, 2022. Diaspora Remittances Survey, 2021

Box 3: Case study Stima SACCO diaspora remittance offering

Stima DT SACCO Society Ltd, a leading Kenyan financial cooperative, has successfully developed a robust diaspora remittance programme serving Kenyan nationals across the USA, UK, Europe, Middle East, Asia, and Australia. The SACCO's model leverages diverse digital and banking channels to facilitate seamless remittance inflows for savings, investment, and loan repayments.

Products and services:

- Direct account deposits: Funds sent from abroad are credited directly to members' SACCO accounts.
- Loan repayment: Remittances are applied to existing SACCO loan obligations.
- Savings & investment contributions: Enables members to grow their deposits or invest in SACCO-based financial products.

Remittance channels:

- Fintech apps (Pesa Direct)
- Direct-to-SACCO or via partner banks (Family Bank, Co-op Bank)
- International Money Transfer Operators (IMTOs)- WorldRemit, Wise, Remitly, through their local partner banks

Partner selection strategy:

Stima SACCO solicits proposals from existing partner banks and evaluates fintech partners based on:

- Coverage in key diaspora regions
- Compliance and integration capacity
- Customer usability and digital readiness

What makes stima SACCO's offering stand out:

- Multi-channel remittance options: Tailored for flexibility, members can remit through mobile money, banks, apps, or IMTOs.
- Partner-driven innovation: Leverages bank-fintech partnerships for co-created solutions.
- Regional adaptation: Solutions are localized for each diaspora region's preferences and platforms.
- Strong operational network: 12 branches and 120 agency outlets across Kenya ensure easy access and last-mile service.

Challenges:

- Regulatory limitations: Lack of direct access to FX and KEPSS systems limits SACCO autonomy.
- Complex diaspora needs: Diverse expectations across regions require customized engagement and tech adaptability.

1d) Assess financial feasibility and determine pricing

SACCOs are not-for-profit institutions but are cooperatives, focused on maximising member value. This section guides SACCOs on how to build feasible financial models to guide decisions to offer remittances.

In the past, some SACCOs entered in partnerships with other FSPs to provide remittances services under the digital focus model with little or no revenue share. To avoid this, SACCOs need to assess the feasibility of both the IMTO linked and the Digital integration partnership models. Undertaking five (5) year revenue projections to provide insights into the feasibility of a model. While the models are built on carefully considered assumptions, external factors may result in different results.

While assessing the feasibility of each model, assumptions may be drawn from the SACCO remittance research study and existing remittance data. To develop these assumptions, SACCOs may work with their partners to identify key financial parameters such as:

- Fee and FX margins
- Variable and fixed costs
- Estimated initial transaction volumes (based on the number of diaspora members, sending patterns, and projected annual growth rates)

These inputs will allow SACCOs to calculate total revenue per transaction and determine contribution margins as outlined below.

Table 3: Example of SACCO remittance revenue forecast model assumptions

Item	IMTO linked model	Digital integrated model
Average Send Amount (USD)	300	500
Fee Share (USD/)	3	3
FX Share (USD/)	4	2
Total Revenue/ (USD)	7	5
Contribution Margin/ (USD)	6.5	3.65
Variable cost Annual USD	1000	1000
Fixed Annual Cost (USD)	1400	900
One-Time Setup (Year 1) (USD)	—	3,600
Starting Trx Volume (Year 1)	500	500
Annual Trx Growth:		
Year 1	0%	0%
Year 2	7%	11%
Year 3	5%	18%
Year 4	3%	30%
Year 5	2%	40%

General assumptions

- Fixed and variable costs are shared by business units across the SACCO, values indicated are estimates of the SACCO remittance share.
- Fixed costs are not transaction based and include technology and hardware, system maintenance, software licenses, branch acquisition and maintenance, prefunding and cash handling costs. Prefunding is considered a fixed cost because the remittance part-ner or SACCO must maintain a minimum prefund balance regardless of transaction volume to ensure service continuity, IMTO's particularly require high prefunding thresholds.
- Variable costs are pegged on transaction volume and value and include transaction processing, SMS notification, integration and cash handling costs.
- Break-even analysis is used to determine annual transaction volumes required to cover costs.
- Digital integration partnership model shows higher break-even volumes due to higher initial costs, though SACCOs with existing infrastructure can prorate this cost to only include additional technology required.

IMTO linked model projections - Total commissions equal 25% of the total shared. This is split 50–50 between the send and receive agents and further divided 50–50 between the principal agent and the sub-agent. Pricing fees and FX are based on 8.5% of the principal, using RPW averages for IMTO transfers. See table 4 below projection.

Digital integration partnership model - The FSP fee + FX of USD 9 is split with the SACCO, leaving the SACCO with USD 5 net; a one-time integration fee applies if the

SACCO lacks integration capability. Transaction values are projected to increase due to lower pricing and sender preference for digital channels, with year-on-year growth set at 0%, 11%, 18%, 30%, and 40% over 5 years. Indirect revenue is set at 0, though bundling and cross-selling may generate additional revenues. See table below.

Table 4: Break-even analysis

Model	Fixed cost Y1 (USD)	One time setup (USD)	Contribution per trx (USD)	Break even trx / year
IMTO linked	1,400	0	7.475	188
Digital integrated	900	3,600	4.015	1,123

The 5-year revenue projections indicate the following:

Table 5: IMTO linked model 5-year revenue projections

Year	Trx volume	Contribution (USD)	Variable (USD)	Fixed (USD)	Setup (USD)	Net income (USD)
Year 1	500	3,738	1,000	1,400	0	1,338
Year 2	535	3,999	1,030	1,428	0	1,541
Year 3	562	4,199	1,061	1,457	0	1,682
Year 4	579	4,315	1,093	1,486	0	1,737
Year 5	590	4,412	1,126	1,515	0	1,771
5 yr total / cumulative net	**2,766**	**20,662**	**5,309**	**7,286**	**0**	**8,168**

Table 6:Digital integration partnership model 5-year revenue projections

Year	Trx volume	Contribution (USD)	Variable (USD)	Fixed (USD)	Setup (USD)	Net income (USD)
Year 1	500	2,008	1,050	900	3,600	-3,543
Year 2	555	2,228	1,082	918	0	229
Year 3	655	2,629	1,114	936	0	579
Year 4	851	3,418	1,147	955	0	1,316
Year 5	1,192	4,786	1,182	974	0	2,630
5 yr cumulative	**3,853.19**	**15,069**	**5,575**	**4,684**	**3,600**	**1,211**

Which remittance model best fits the SACCO?

IMTO linked model

- **Strengths:** Lower setup cost, and capable of generating steady revenues from a relatively low breakeven of 188 transactions annually.
- **Limitations:** Operational costs arise from branch networks and cash handling. Higher transac-tion fees and reliance on cash lead to declining transaction volume in the mid to long term as customers preference shifts to digital first and bundled services.

Digital integration partnership focused model

- **Strengths:** Although setup costs are higher, this model offers stronger long-term returns as transaction volumes scale more rapidly. It is profitable once operational efficiency and remittance traffic is established.

Pricing considerations

- Remittance fees and FX margins for transfers to Africa remain high (8–9 percent) compared to the global average, with ongoing efforts to reach the SDG target of 3 percent by 2030.
- Revenue sources include commissions from fees and FX margins. Some providers apply zero fees but recover revenue through FX spreads. Regulators require full disclosure of these charg-es to ensure transparency.
- IMTO linked model pricing is determined by the IMTO and typically remains fixed, except dur-ing corridor-specific promotions run by the IMTO.
- The digital focused model can provide the opportunity for SACCOs to begin negotiating com-petitive pricing directly with partners, ensuring cost coverage while delivering better value to members.

1e) Regulatory approval

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

Key requirements include:

- **Authorisation from SASRA:** required for SACCOs under both models. SACCOs demon-strating board approval, readiness in KYC, AML/CFT compliance, and data protection can submit written approval requests to SASRA and receive written confirmation.

- **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 execution. Once executed, the principal agent receives a no-objection and can proceed to onboard the sub-agent.
- **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.

Timeline: According to CBK, approvals usually take 3–8 weeks but may vary depending on specific circumstances.

Step 2: Build and formalise strategic partnerships

SACCOs can partner with a range of financial service providers to deliver remittance solutions, including:

- Banks – for regulatory cover and settlement account management.
- International Money Transfer Operators (IMTOs) such as Western Union, RIA, and World Remit – for global corridor access.
- Mobile money providers such as M-PESA, for last-mile digital cash-out and delivery.
- Fintechs and payments switch providers such as Interswitch – for seamless API integration and automation.

In June 2023, SASRA issued a regulatory guidance for SACCOs engaging with third-party FSPs integrators, emphasising the need for structured partner vetting to safeguard member funds and ensure operational integrity. It mandates that SACCOs conduct thorough due diligence covering legal compliance, financial soundness, data protection, and system interoperability. SACCOs may assess the integrator's licensing status, governance framework, risk management practices, and ability to meet service-level expectations. The guidance also stresses the importance of formal contracts, audit trails, and contingency planning.[15]

SACCOs may ensure key contractual areas are covered. A sample of these are outlined below:

Box 4: Minimum contract provisions for SACCOs partnering with FSPs to offer remittances.

- **Revenue share:** Clearly define how transaction fees and FX margins will be split (e.g., 60–40 or 50–50).
- **Settlement period** before on frequency of fund transfers to SACCO (e.g., daily, T+3).
- **Data ownership:** Ensure SACCO access to transaction-level data and control over member information.
- **Data sharing:** Specify data format, frequency (e.g., daily CSV), and delivery method (e.g., SFTP/API).
- **Service Level Agreement (SLA):** Include uptime (≥99.9 percent), processing times, and dispute resolution targets.
- **Branding & marketing:** Define use of SACCO name/logo and approval rights over co-branded materials. Agree on annual marketing budget split.
- **Compliance roles:** Assign responsibility for KYC, AML, regulatory filings, and data protection.
- **Integration & tech support:** Specify sandbox access, API documentation, and partner tech assistance.
- **Dispute resolution:** Agree on escalation matrix, resolution timeframe, liability for each step of the funds flow and arbitration process.
- **Exit clause:** Include the right to terminate due to regulatory breaches, insolvency, or poor performance.
- **Audit rights:** Allow SACCO or SASRA to audit relevant partner operations and data.
- **Change management:** Define process for future changes to the product, pricing, or platform.
- **Dispute resolution and jurisdiction** of arbitrators.

A partner vetting decision flow can help SACCOs systematically assess potential partners based on compliance capacity, operational readiness, and alignment with member needs. However, this checklist is not exhaustive and may be adapted to each SACCO's institutional priorities, risk appetite, and regulatory environment. **A partner vetting process decision matrix is attached in Annex 4.**

Once SACCOs have completed checks, they can consider the agreement with the FSP provider. Legal counsel may be engaged throughout this process.

[15] MINIMUM REQUIREMENTS ON ENGAGEMENT OF THIRD-PARTY FINTECHS – SACCO SOCIETIES REGULATORY AUTHORITY (SASRA). (n.d.). https://www.sasra.go.ke/download/circular-on-third-party-fintechs/

Step 3: Align technology and systems readiness

Technology and systems play a central role in how SACCOs deliver remittances and shape customers' experience. This section details technology and system capacities SACCOs need to have in place including the specific requirements tied to each remittance model. Once compiled, SACCOs can review their technical readiness as well as specific requirements arising from the remittance model selected.

3a) Technology requirements for SACCO remittance models

While SACCO's needs differ depending on existing infrastructure and partners, there are requirements SACCOs may address as a minimum for providing remittances and may apply to both models.

3a) General Systems and technology requirements

- **Core banking system**
    - Has capability of processing and recording real-time transactions.
    - Has capacity for reconciliation of remittance inflows with member accounts.
    - Integrated or has capacity to integrate with mobile and digital channels for instant member access.

Applicable for the digital focus model, not a requirement for IMTO linked model.

- **Digital channels**
    - Mobile apps, USSD, or web platforms to allow members to receive or track remittances.
    - SMS alerts and notifications are enabled for efficiency and to enhance transparency and trust.

- **Connectivity and APIs**
    - Ability to integrate with third-party platforms through secure APIs.
    - Ensures smooth interoperability with switches, banks, Fintechs, and in future with SACCOs.

Applicable for the Digital focus model, and a 'good to have' for the IMTO linked model.

- **Compliance and reporting tools**
    - Transaction monitoring for Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) is activated. Suspicious Transaction Reports are provided to regulators as required.
    - Automated reporting to SASRA, CBK and other regulators as required.

- **Data security**
    - Adoption of encryption and secure authentication.
    - Alignment with Kenya's Data Protection Act, 2019 requirements for member data privacy.

- **Liquidity and settlement systems**
    - Mechanisms for managing liquidity, settlement with partners, and reconciliation. Kenya being a net receive market, some providers do net settlement which means funds sent are netted off funds received, and the difference is the amount settled.

Cash handling systems are required for the IMTO linked model and less for the digital integration partnership model.

3b) Technological readiness scale for SACCOs

SACCOs can use the technological readiness scale to determine which remittance model is a fit, and their level of preparedness. The scale groups SACCOs into three levels based on their infrastructure, digital tools, and operational maturity.

Table 7: SACCO technological readiness maturity scale

Basic (Foundational readiness)	Intermediate (Operational readiness)	Advanced (Strategic readiness)
SACCO has minimal systems in place, mostly manual or semi-digital.	SACCO has moderate digital and compliance capacity but still relies on external support.	SACCO is fully digital and system-ready to act as a primary remittance provider (alone or via partnership).
No CBS or record transactions, but not in real time.	SACCO systems support near real-time posting of transactions.	The core system is fully digital, real-time, and integrated with external partners.
Limited or no digital channels (mostly over-the-counter service).	At least one digital channel (USSD, app, or web portal) is available.	Strong digital channels (mobile app, USSD, online banking, SMS alerts).
No API capability: integrations handled manually.	API integration is possible with FSP partners or aggregators.	Advanced API connectivity with multiple partners and payment networks.
Compliance processes are paper based.	Compliance tools (KYC, AML/CTF) are partly automated.	End-to-end automated compliance systems, including transaction monitoring and reporting.
Liquidity and reconciliation are handled manually at the branch level.	Automated reconciliation is available, but liquidity management is still manual.	Digital treasury and liquidity management tools are integrated with settlement systems.
Data protection measures are weak or ad hoc.	Data protection aligned with CBK and Data Protection Act requirements.	Strong cybersecurity, encryption, and data protection protocols.
Reporting is dependent on the IMTO/FSP partner and is mostly summary-level data.	Have semi-automated systems and can access transaction-level data via dashboards or batch files. May still require manual consolidation of data.	It has full system integration and can generate real-time, member-level reports and receive compliance alerts.
Implication: SACCO is best suited for the IMTO linked model and performs some functions, such as reconciliation, manually.	**Implication: SACCO can participate in the digital focused partnership model**	**Implication: SACCO is positioned to integrate with a high-powered system and/or manage high-volume remittances directly.**

Step 4: Manage operations and service delivery standards

Efficient remittance delivery requires well-defined business processes and staff responsibilities. Even SACCOs with lean teams can succeed if roles are clearly allocated, supported by technology, and supplemented with external expertise where needed.

4a) Organisational roles and responsibilities

SACCOs typically have varying organizational structures depending on size. SACCOs with lean structures can consolidate roles and have staff take dual related responsibilities as outlined below, outsource highly specialised functions and use technology to streamline tasks such as reconciliation and reporting.

Table 8: Role sharing matrix

Core SACCO remittance function	Primary role	Secondary role (if shared)	Recommended profile
Compliance & risk management	Compliance Officer	Finance Manager	Staff with regulatory knowledge and accuracy
ICT & system integration	ICT Lead	Product Development Officer	Tech-savvy staff or external IT consultant
Finance & treasury	Finance Manager	Compliance Officer	Staff with accounting and liquidity oversight
Product development & innovation	Product Officer	ICT Lead	Creative thinker with basic tech fluency
Member services & onboarding	Member Services Coordinator	Marketing Lead	Personable staff with communication skills
Strategic partnerships	Partnerships Officer	SACCO Manager or Board Member	Senior staff with negotiation experience
Marketing & communications	Marketing Lead	Member Services Coordinator	Staff with outreach and branding experience

4b) Key operational functions

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

1. **Transaction processing and reconciliation** - SACCOs will need to establish daily procedures for receiving remittance transaction reports from the partner bank and regular reconciliation schedules to ensure timely crediting of member funds.

2. **Settlement and float management** - SACCOs may ensure adequate liquidity for inflow cash-outs, especially under the IMTO-linked model. They may also track settlement timelines with partner banks and, where prefunding applies, monitor balances and set alerts for threshold levels.

3. **Compliance, AML/CFT, and reporting** - SACCOs are expected to follow Know-Your-Customer (KYC) and customer due diligence (CDD) protocols in line with CBK and SASRA guidelines. Staff are responsible for tracking suspicious transactions, Financial Reporting Centre (FRC) reporting, and ensuring adherence to the Data Protection Act. Internal audit and compliance teams play a role in regularly reviewing remittance operations.

4. **Member account management** - Back-office teams may promptly post remittance funds to member accounts and ensure non-member recipients are onboarded or documented according to laid out procedures. Systems are expected to enable instant or near-real-time crediting to enhance member experience.

5. **IT integration and data security** - SACCO can work with the bank and other partners to integrate systems using secure APIs or data exchange channels. To safeguard transaction data, measures such as data backup, access control, and cybersecurity protocols are expected. Down-time procedures and business continuity plans require regular testing to ensure operational resilience.

6. **Accounting and financial reporting** - SACCOs can set up separate general ledger accounts to track remittance income, commissions, and costs. Audit trails must be maintained for transparency. Data, such as remittance volumes, revenues, and profitability may be consolidated onto monthly reports for decision-making.

7. **Customer service and dispute resolution**- Develop a shared process for resolving or escalating customer and 'agent' issues raised. SACCO staff may be trained in escalation procedures with the partner bank. Service-level agreements (SLAs) are required to define response times and dispute resolution channels.

8. **Staff training, incentives and internal controls**- Staff should be trained and assigned specific remittance back office-related tasks. Regular refresher training can be conducted based on need and new product or process information. Incentives are relevant to drive the product adoption.

Step 5: Engage members to drive adoption

SACCOs already excel at marketing traditional products like loans, savings, and investments by leveraging trust, community ties, and affordability. However, remittances require a different strategy since users may include both members and non-members (diaspora senders and local recipients).

The focus may shift to accessibility, affordability, convenience, and relevance, showing why SACCOs are a better choice compared to banks, mobile money providers, or Fintechs.

5a) Define the SACCOs value proposition

The value proposition should be a concise, clear, and memorable statement emphasising the immediate benefits of remittances offered, connected to long-term financial gains. As diaspora members prioritise speed and reliability, a straightforward, transparent message reduces obstacles. Consider including incentives to encourage members' remittance adoption.

Figure 4: Remittance product marketing slogan examples

Recommended action for SACCOs:

- Develop one core tagline that captures key benefits. For IMTO linked model, emphasize convenience e.g. cash payout at SACCO branches, face-to-face service and trusted staff. For Digital focused model, emphasise speed- instant transfers direct to SACCO accounts and convenience.
- Test the tagline with a small group of members/ diaspora contacts before rolling out.
- Use the tagline consistently across all materials, flyers, SMS, social media, and diaspo-ra events.
- Pair every marketing campaign with a call to action (e.g., "to send instant transfers to your friends and family press 678 or click on....").

5b) Identify key engagement channels

SACCOs can meet diaspora members and local recipients in the spaces they already trust and engage with daily. Engagement channels include face-to-face diaspora engagements, participation in diaspora association events, SACCO branches, social media and via SMS campaigns.

Recommended action for SACCOs:

1. Map members' top diaspora locations and prioritise outreach in those areas.
2. Identify at least two diaspora associations to partner with.
3. Run one digital campaign per quarter (social + SMS).
4. Equip frontline staff with scripts and demo materials to pitch remittances in-branch.

5c) Develop content strategy

When promoting remittance services, clarity and trust are essential. Members and diaspora clients may understand the offer well, see transparent fees, and feel reassured about security.

Figure 5: TransNation Plaza DT SACCOs advertising diaspora products

5d) Assess channel performance

Marketing budgets are often limited and SACCOs may track which channels and messages drive results and adjust accordingly. A data-driven approach ensures SACCO marketing stays efficient, targeted, and aligned with growth objectives. It also provides evidence for boards and management to sustain or expand marketing budgets.

Recommended action for SACCOs:

1. Create a Messaging Toolkit (sample taglines, testimonials, fraud tips, and promo offers).
2. Use the toolkit consistently across SMS, posters, diaspora events, and social media.
3. Track monthly marketing KPIs (engagement, cost per new member, ROI).
4. Adjust campaigns quarterly based on performance insights.

Step 6: Strengthen risk management

SACCOs are high-risk enterprises and remittances introduce new risks while amplifying existing ones such as KYC, AML, liquidity, and cybersecurity. SASRA issued the *Guidelines on Risk Management Practices for Regulated SACCOs* to strengthen governance, internal controls, and risk management frameworks across all business activities.[16]

6a) Track and mitigate remittance risks

Key general risks as well as those identified in the guidelines relevant to SACCOs offering remittances are outlined below. These equally impact on the IMTO linked and digital focused models.

[15] *Guidelines on Risk Management Practices for Regulated SACCOs – SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)*. (n.d.). https://www.sasra.go.ke/download/sasra_risk-management-guidelines/

Table 9: Prevalent SACCO risks

Risk category	Risk event	Impact	Likelihood	Mitigation
Regulatory	Regulatory penalties for non-compliance of statutory obligations.	High	Medium	Dedicate a compliance resource and conduct internal audits and external risk audits addressing gaps identified.
Operational	Liquidity Shortages	High	Medium	Prefunding or using rolling liquidity buffers.
	FX Fluctuations	Medium	Medium	Especially for volatile currencies which directly affects the rate of conversion for SACCOs providing inbound remittances.
Compliance	Internal or external fraud	High	Medium	Stronger maker-checker controls, internal audits, and staff retraining
	Low remittance product uptake	Medium	Low	Conduct targeted awareness campaigns, bundle remittance services with high-value offerings like diaspora savings accounts and regularly collect user feedback.
	KYC/AML breaches	High	Medium–High	Automate red flag detection and escalation workflows
Technology	Censorship or transaction restrictions	Medium	Low	Monitor geopolitical and policy risks in key corridors and proactively engage with regulators to ensure transparency and alignment.
	Data breaches	High	Low–Medium	Data encryption, implement data loss prevention, and conduct regular data handling staff training.
	Remittance system outages	Medium	Medium	Regular system monitoring, scheduled maintenance, and backup systems
	Cyberattacks	High	Medium	Implement multi-layered cybersecurity controls, including strong access and password controls. Conduct vulnerability assessments and
Reputational	SACCO negative publicity	Low	Low	SACCO undercapitalisation, remittance delays and errors

A risk register, a centralised tool for identifying, tracking, and mitigating risks, is strongly recommended. It ensures SACCOs maintain compliant, protect member trust, and strengthen operational resilience.

6b) Developing and maintaining a risk register

A risk register is a central repository for all identified risks and mitigation measures. Key guidelines for developing and maintaining a SACCO risk register include:

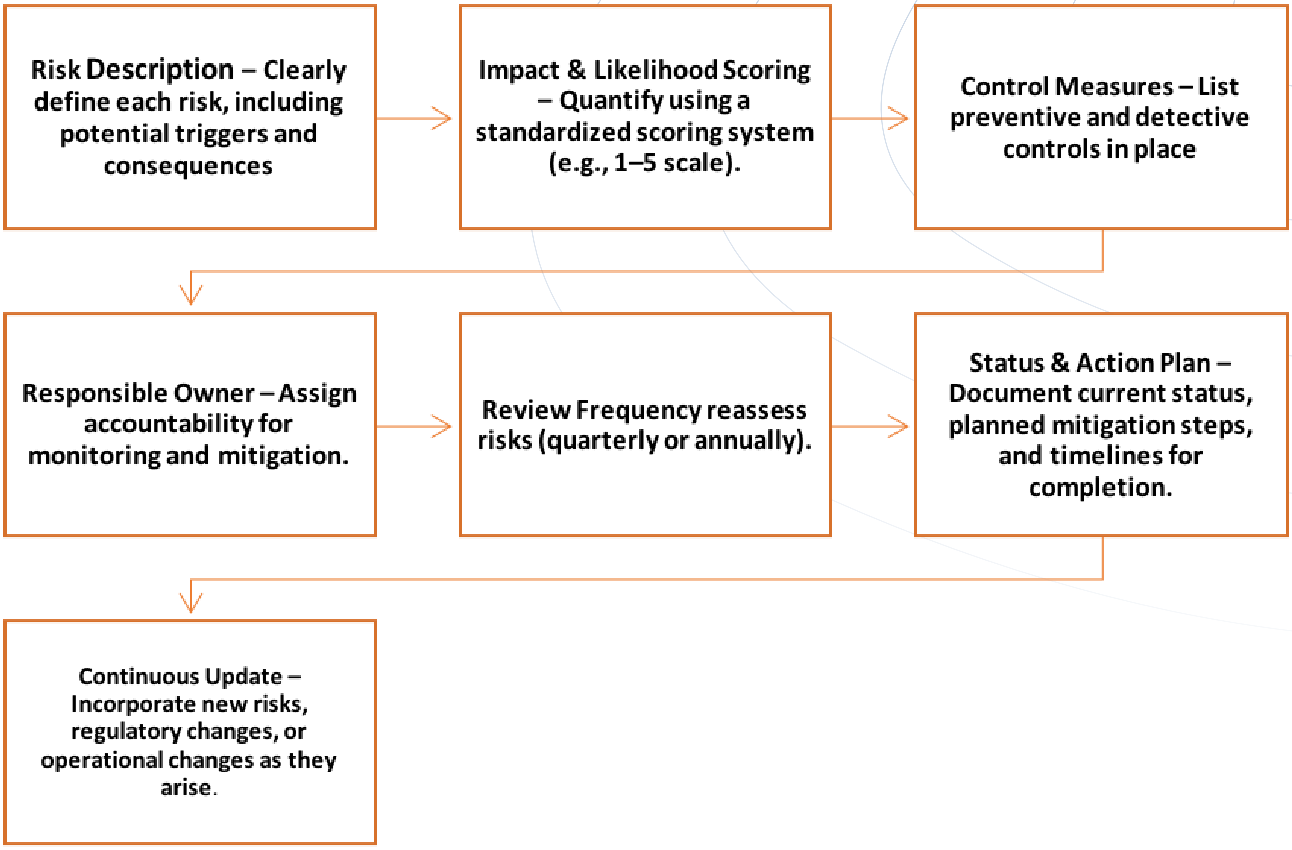


Figure 6:Risk register activities.

Step 7: Consolidate the SACCO remittance strategy

The outputs from steps 1 through 6 can be consolidated into a SACCO remittance strategy that guides implementation and ensures all critical areas are addressed. A well-documented strategy helps align institutional priorities, define roles and responsibilities, set measurable targets, and establish a clear roadmap for decision-making and resource allocation. It also supports effective partner engagement and ensures that remittance activities are integrated into broader SACCO operations.

3 Recommendations for effective toolkit implementation and next steps

This section highlights key takeaways, next steps for each stakeholder category and the implementation and coordination matrix.

3.1 Recommendations for effective toolkit implementation

Build SACCO capacity through technical assistance and peer learning - A dedicated, sector-wide SACCO remittance capacity development programme can be developed with partnerships of the regulator and SACCO industry associations and apex bodies to deliver targeted technical assistance and peer learning.

Establish a remittance academy to sustain institutional knowledge - A SACCO Remittance E-Learning Academy can be set up by SACCO apex bodies offering certified short courses for SACCO managers, IT leads, and compliance officers.

Use remittance data for pricing, corridor, and product decisions - SACCOs often do not leverage remittance data for decision-making. Without analytics, pricing, corridor selection, and channel optimisation can be inaccurate. SASRA and CBK could request quarterly data submission to inform sector-wide reporting and pricing transparency.

Integrate gender inclusion into product design and reporting - SACCOs can begin collecting gender disaggregated data and develop product design guidelines.

Adopt shared infrastructure to enhance scale and efficiency - SACCOs can plan and implement shared APIs and settlement infrastructure; the SACCO central is one such avenue.

3.2 Next steps

For SACCOs

- Where the analysis confirms clear financial and strategic value, develop a 3–5-year remittance strategy and plan for the establishment of a SACCO remittance service.
- Select a remittance champion within the staff and consider establishing remittance desks to handle member issues and manage partnerships.
- Create peer-learning platforms and opportunities for knowledge dissemination.

For Financial Service Providers (FSPs)

- 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 to achieve impact and scale simultaneously.
- Offer joint data-sharing frameworks to improve transparency and performance tracking.

For regulators (CBK, SASRA, FRC)

- Accelerate regulatory reforms to the SACCO Societies Act (2008) to provide mechanism to enable SACCO Shared Services remittance role.
- Issue clear guidelines on SACCO participation in remittance services, including licensing tiers, reporting obligations, and consumer protection.

For development partners (IFAD, FSD Kenya, GIZ, UNCDF, IFC)

- Support the technical assistance for implementation of the toolkit and the funding support for other capacity development programmes demonstrating viable SACCO-FSP remittance partnerships and document outcomes.
- Support creation of the SACCO remittance academy and digital learning materials.
- Provide grants for gender-focused product design and interoperable platform development.
- Convene quarterly policy roundtables with SASRA, CBK, and cooperative apex bodies to monitor progress.

3.3 Implementation and Coordination Matrix

Table 10: Implementation and coordination matrix

Priority area	Lead	Supporting stakeholders	Timeframe	Expected outcome/ indicator
Capacity development	SASRA, KUSCCO	FSD Kenya, IFAD	Short term (6-12 months)	Number of SACCOs trained in target areas
Regulatory alignment	SASRA, CBK	Min of Finance/ Cooperatives	Medium term (1-2 years)	Remittance guidelines issued
Shared Infrastructure	SASRA, FSD Kenya	FSPs	Long term (3-4 years)	Shared Services platform operational
Gender and Financial Inclusion	SASRA, SACCOs	GIZ, IFAD, UNCDF	Continuous	Gender responsive remittance products developed

This comprehensive toolkit is intended to support SACCOs in taking steps to leverage the opportunity to offer remittances to their members.

The case study of NATCCO Philippines highlights an example of SACCOs strategically providing remittances.

Box 5: Case study - NATCCO Philippines remittance initiative

- Total overseas Filipino co-op members: Overseas Filipinos and families 36,759.
- Deposits from overseas Filipino and overseas Filipino families: USD 47.3 million.
- Programme focus integrated diaspora programme combining remittances, savings (share capital, time deposit, fixed savings), credit, financial education, capacity building, network-building and partnerships with government and NGOs.
- Operational elements: dedicated HR for overseas Filipino service, onboarding flow, communication channels, technology and data updates, MOUs with Department of Migrant Workers, and geographic expansion to more Asian and Middle East countries.

Objective:

To enable cooperative members to receive diaspora remittances directly into their credit union accounts while promoting savings, investment, and loan repayment.

How to apply the NATCCO approach

This case provides a practical model that SACCOs in Kenya can learn from.

1: Choose the right partnership model

NATCCO credit unions adopted both IMTO linked and digital integration partnership models to connect with global remittance platforms.

Through these partnerships, Filipino workers in the USA, Canada, Saudi Arabia, and the UAE could remit funds directly into member accounts.

Action for SACCOs: Assess readiness level and select a partnership model that allows remittances to be received directly into member accounts.

2: Bundle remittances with financial products

Remittance linked products can be layered on to remittance services.

NATCCO credit unions automatically channel a portion of each transfer into member savings or loan repayments.

This practice transforms remittances into consistent tools for financial engagement.

Action for SACCOs: Integrate remittance inflows with savings, loan repayments, or investment products to build long-term member loyalty and sustainable liquidity.

3: Offer multiple transfer options

Provide flexibility for members to choose how they receive their funds.

NATCCO offers in-branch cash payouts through Money Transfer Operators (MTOs) such as Trans-Network and BDO Remit.

Members can also receive direct-to-account transfers with incentives for early or consistent remittance use.

Action for SACCOs: Establish multiple payout channels, cash, mobile money, or direct-to-account, to meet different member needs.

4: Digitise member access

Digital channels enable faster, safer, and traceable remittance transactions.

NATCCO credit unions use mobile apps and shared payment systems connected to the national digital finance network. This enables instant transfers, real-time tracking, and enhanced convenience for members.

Action for SACCOs: Adopt digital platforms that allow members to send remittances through digital channels.

5: Support member engagement and financial literacy

Sustainable remittance programs depend on active member participation and education.

NATCCO developed a manual on 'Marketing and Sales for Cooperatives', providing a step-by-step guide for engaging members.

Its diaspora program (launched in 2015) helps overseas Filipinos and their families join credit unions, access services, and build financial literacy.

Action for SACCOs:

Develop simple communication materials and member education sessions on remittances.

Help diaspora members and their families understand how to save, invest, or repay loans through the SACCO.

Participating cooperatives achieved the following:

- **5,706 new accounts opened** for remittance users.
- **USD 11.2 million** in savings mobilized from remittance flows.
- **USD 10.3 million** invested as member share capital and reinvestments.
- **27,000+ cooperative members trained** in financial literacy and remittance use.

Source: NATCCO 2025[17] FFR[18] IFAD[19]

[17] National Confederation of Cooperatives (NATCCO), 2025. Diaspora and remittances program for overseas Filipinos.

[18] Lasalette Gumban, "The NATCCO Experience" presentation (FFRemittances), May 2025

[19] International Fund for Agricultural Development, & ACCESS Advisory, 2020. Remittances and development for cooperatives in the Philippines: Project results summary NATCCO–ACCESS Advisory.

Annexes

Annex 1: SACCO readiness checklist

The checklist below helps assess a SACCO's preparedness to launch remittance services. It serves as a guide, with allowances for exceptions.

Ratings

0 - Not in place / does not meet requirements
1 - Partially planned but not yet operational
2 - Functional but limited (meeting basic requirements)
3 - Fully compliant with requirements

Figure 7: Criteria for SACCO readiness to offer remittances

Criteria	Category	Description	Aggregate Rating
Institutional Capacity	Board and Senior Management Ap-proval	SACCO has written approval from board and senior management expressing strong level of interest in providing remittances. Contact person provided.	
	Regulatory -SASRA	SACCO meets SASRA's requirements in-cluding NWDT and DT status.	
	FRC/Proceeds of Crime and AML Act	AML manual dated within last 2 years; designated AML officer; documented STR procedure and staff retrained in past 12 months	
	Regulatory- Data Protection Com-missioner	SACCO complies with Kenya's Data Protection Act and is registered or in the process of registration as a Data processor.	
	Governance Structures	Functional board and supervisory committee and confirmation by management and membership of buy in to offer remittances products. Demonstration of remittance prod-uct/service alignment with SACCO's vision and mission.	
	Financial Stability	Meets key performance indicators demon-strating financial health- total assets, total deposits, membership, and gross loans. Considering prefunding processes, addi-tional financial checks such as capital base, NPL ratio and recent audited finan-cials may be required.	
Strategic	Product	At least at the ideal stage with 1-12 months' timeline for designing a remittance product. Product lead and requisite team readiness Brief description of concept or prototype of a cross-border product enabling trans-fers, investments, pension, utility pay-ments etc.	

Criteria	Category	Description	Aggregate Rating
	Geographic Dis-tribution	• Rural and urban network presence and SACCO branches participating in the pilot • Sufficient membership with remittance sends/receive potential. At least 200 members sending or receiving internation-al remittances monthly, in the past 12 months* • Estimated monthly remittance volume of 250	
	Financial	• Financial Modelling- Performance Indicators including transaction volume/value targets, revenue projections, etc • Positive financial track record, with ade-quate liquidity and capital reserves to support new product deployment. • Marketing and communication budget • Financial reporting and audit systems to allow reporting and monitoring.	
		• Allocation of internal financial resources towards remittances including technology, prefunding accounts and funds	
Technology	Systems/Channels	• Core Banking or MIS in place	
		• For partnership with banks and Fintechs, app-based API or system integration may be required.	
		• IT and Data Security Standards	
		• Message notifications	
		• Physical branches/ Agent locations	
		• Mobile, ATM and/or Online Channels	
Operations	Operational Framework	• Including processes and procedures mapped and shared with employees; remittance management processes and procedures including prefunding, liquidity, reconciliation and settlement	
	Risk capital on framework	• Existing risk management framework updated to include remittances	
	Training Readiness	• Willingness to co-design and co-invest staff time during the pilot. • Capacity to conduct and cascade training to all staff	
	Staff Capacity	• Daily transaction activity management including reconciliation and settlement	
		• Contact centre structured in line with the guidelines on complaints management for regulated SACCOs.	
		• Marketing and communications team for go-to-market activities and mobilizing di-aspora SACCO members.	
Monitoring and Reporting	Monitoring and reporting	• Monitoring and reporting structures for remittance transactions and activity.	

The sum of the ratings (total 45) will determine the status as follows:

0-25: Low readiness, specific areas may need improvement

26-35: Meets some requirements and can easily transform into full readiness.

36 and above: High readiness and can seamlessly begin the process of offering remittances.

Annex 2: SACCO diaspora member survey

This survey acts as an example to engage with Diaspora members and gather valuable information to inform the design of the remittance solution.

Section A: Background information

1. What country are you currently residing in?
    - USA
    - UK
    - Canada
    - Saudi Arabia
    - Australia
    - Germany
    - Norway
    - Other pls specify.
2. How long have you been living abroad?
    - Less than 1 year
    - 1–3 years
    - 4–6 years
    - More than 6 years
3. Are you currently a registered member of our SACCO? For how long?
    - Yes
    - No
    - Considering joining

Section B: Current Remittance Practices

4. How often do you send money to Kenya?
    - Weekly
    - Monthly
    - Occasionally
    - Rarely
5. What purposes do you usually send money for? (Select all that apply)
    - Family support
    - Education
    - Medical expenses
    - Business/investment
    - Loan repayments
    - Savings
    - Other (please specify)
6. How do you currently send money back to Kenya? (Select all that apply)
    - Mobile money (e.g., M-PESA, Airtel)
    - Bank transfer- SWIFT.
    - Money transfer operators (e.g., Western Union, Dahabshiil, World Remit)
    - Online providers- (Wave, Wise, Remitly etc)
    - Informal means (friends/family)
    - Other (please specify)
7. Estimated value of funds sent?
    - USD 0-100
    - USD 101-500
    - USD 501-1000
    - USD 1001-5000
    - USD 5001-10,000
    - USD Above 10,000
8. What challenges do you face with your current money transfer methods? (Select all that apply)
    - High transfer fees and FX
    - Complicated process
    - Delays in delivery
    - Lack of transparency in charges and FX
    - Security concerns
    - Limited-service availability
    - Poor exchange rates
    - Agents are too far away.
    - Other (please specify)

Section C: SACCO engagement and interest

9. Would you be interested in using SACCO services in partnership with other Financial Service Providers (FSP) to send or receive money internationally?
    - Yes
    - No
    - Maybe / Not sure

10. If SACCO offered international remittance services, which features would be most im-portant to you? (Select top 3)
    - Low transfer costs
    - Fast delivery
    - Secure transactions
    - Direct deposit to SACCO savings/loan accounts
    - Ability to send to family's mobile money accounts.
    - Online access/platform
    - Support for recurring payments
    - Favourable exchange rates
    - Other- please specify.
11. What financial services would you like the SACCO to offer to diaspora members? (Select all that apply)
    - Diaspora savings accounts
    - Investment opportunities (e.g., real estate, agri-business)
    - Loan facilities for family members back home.
    - Utility Payments- Electricity, water, school fees etc
    - Group contributions / Chama accounts.
    - Insurance products (health, life, education)
    - Retirement savings plans
    - Other (please specify)

Section E: Open feedback

12. What factors would encourage you to switch to a SACCO-based remittance service? *(Open-ended)*
13. Would you prefer a dedicated SACCO remittance app or integration into existing SACCO services?
    - Dedicated remittance app
    - Integration into existing platform
    - No preference
14. What suggestions do you have for improving SACCO services for members living abroad? *(Open-ended)*
15. Are there specific diaspora-friendly products or platforms you've used and would rec-ommend for the SACCO to explore? *(Open-ended)*

Annex 3: Key requirements for SACCOs to become IMTO-linked model subagents include:

- A registered business as well as a bank business account
- Business registration documents, Certificate of Registration under the Co-operative So-cieties Act, Cap 490, Registered SACCO By-Laws
- The Business Regulatory License- Annual Operating License issued by SASRA.
- Company's KRA PIN Certificate where applicable
- Owners' National ID or passport and KRA PINs
- Photos of interior and exterior of the business outlet
- Proof or address, i.e., the lease agreement or a utility bill showing the address of the sub agent.
- Single Business Permit

Annex 4: Partner vetting decision matrix

SACCOs can tailor the partner vetting process outlined to their present needs,

Regulatory approval

- Does the partner have a valid **CBK license**?

→ **Yes** → Proceed
→ **No** → End.

- Is the FSP partner permitted to manage Forex?

→ **Yes** → Proceed
→ **No** → End.

- Any AML/CFT violations in FRC notices or sanctions?

→ **No** → Proceed
→ **Yes** → End.

Enterprise due diligence (EDD)

- Is the company registered with a valid KRA PIN?
- Are beneficial owners disclosed?
- Any sanctions on directors or the company?
- Are audited financials available (3 years)?
- Any red flags in media or public records?
- Positive peer review from other SACCOs served?

→ **All Yes** → Proceed
→ **Any No** → End.

Technical evaluation

- Can the platform integrate with **CBS or mobile channels?**
- Does the partner support:
  - API/platform connectivity
  - Reconciliation & compliance
  - Mobile money, card, and ATM links
- Does the partner have a record of systems uptime history **≥ 99.9%**?
- What SLA benchmarks are available?
- Is there a production (test) environment to simulate actual scenarios?

→ **All Yes** → Proceed
→ **Any No** → End.

Financial assessment

- Audited financials (3 years)?
- Operational reserves/funding?
- Stable and resilient?
- Not undercapitalized or loss-making?

→ **All Ye**s → Proceed
→ **Any No** → End.

Risk management

- Does the partner have an operational risk framework with mitigation?

→ **All Yes** → Proceed
→ **Any No** → End.

Annex 5: Money remittance provider directory and FinTechs partnering with licensed providers to offer remittances.

The following is a list of Banks, MRPs, and Fintechs with which we have touched base during the project. It's not an exhaustive list of FSPs providing remittances to SACCOs.

For the full list of MRPs[20] and Payment Service Providers[21], please refer to the CBK website.

Figure 8:Sample list of FSPs engaged with SACCOs

Financial Service Provider Category	Financial Service Provider
Banks	DTB Kenya
	Credit Bank
	Coop Bank
	NCBA
	Kenya Post Bank
	Family Bank
	KCB
	Equity Bank
Payment Systems Providers (PSP)/ Technology Vendors/ In-dustry Associations	Wakandi
	Amtech
	Interswitch
	IPSL
	Cellulant
	Kwara
	CoreTec solutions
	Craft Silicon
	Technologies
	PesaDirect
	Fintech Association of Kenya
Money Transfer Operators	WapiPay
	Upesi MT

[20] CBK – Directory of Licensed Money Remittance Providers (MRPs) https://www.centralbank.go.ke/wp-content/uploads/2025/09/Directory-of-Money-Remittance-Providers-September-2025.pdf

[21] CBK – Directory of Authorized Payment Service Providers (PSPs) https://www.centralbank.go.ke/wp-content/uploads/2025/11/Directory-of-Authorized-Payment-Service-Providers-6-November-2025.pdf

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