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Uganda Microfinance  
Regulatory Authority (UMRA)

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Kampala – Uganda

**REPUBLIC OF  
UGANDA**

**October 2020**

**Guidelines for Licensing SACCOs under The Tier 4 Microfinance Institutions and Money Lenders Act 2016, and SACCO Regulations 2020**

**1. Citation**

These Guidelines shall be cited as the Uganda Microfinance Regulatory Authority (UMRA) Guidelines for the licensing SACCOs under the Tier 4 Microfinance Institutions and Money Lenders Act 2016 and the SACCO Regulation 2020

**2. Purpose**

These guidelines are to guide applicants in processing the requisite requirements to apply for SACCO license to offer the business of financial services. Specifically, the purpose of the Guidelines is to;

- a) Clearly show the process that applicants shall follow when applying for a SACCO License
- b) Explicitly lay out the detailed licensing requirements that must be submitted in support SACCO license application;
- c) Serve as a point of reference for potential applicants and other stakeholders;
- d) Streamline the licensing process by offering a reference point for UMRA staff during the licensing process; and
- e) Guide SACCO in meeting their compliance obligations.

**3. Application for a SACCO License**

An application for a SACCO license shall be made in duplicate in accordance with Form 1A specified in Schedule 1 of the SACCO Regulations, 2020 and submitted to Uganda Microfinance Regulatory Authority.

**4. SACCO Licensing Criteria**

The applicant for a SACCO license must fulfil the following criteria:

- a) Be a Cooperative Society registered under the Cooperative Society Act
- b) Have a minimum core capital of not less than 10% of total assets
- c) Have institutional capital of not more than UGX 500m and voluntary savings of not more than UGX 1.5bn

- d) Have a fixed and identifiable place of business that is accessible and is suitable for the business of financial services;
- e) Have a management and governance structure. Have had at least an AGMs in the past two years and at least two board meeting in the previous year

## **5. Documents Supporting the Application**

The application shall be supported by the following documents:

- a) Certified copy of certificate of registration issued under the Cooperative Societies Act
- b) Audited books of accounts
  - o Evidence that the SACCO meets the minimum equity requirement, Institutional capital and Voluntary savings
  - o Economic and financial environment of the SACCO
- c) A copy of SACCO Bylaws
  - o Objectives of the SACCO
  - o Prospective place of business
- d) Credit policy and procedure manual
- e) Copy of Business plan/ strategic plan
- f) Organizational and management structure
- g) A list of Membership and their shareholding
- h) Copy of identification cards of the directors and Senior management
- i) Receipt as evidence of payment of application for a license
- j) A filled 'fit and proper' questionnaire for Directors and Senior Management

## **6. Evaluation of the application**

- (a) After receipt of the application, UMRA shall evaluate the application and vet the directors and senior management.
- (b) Upon approval of directors and Senior management, UMRA shall conduct an independent premise inspection to ascertain SACCO readiness to offer the business of financial services.

## **7. Letter of Intent to Issue a license**

Upon completion of an independent premise inspection, if UMRA is satisfied that the SACCO meets all the requirements to offer the business of financial services, a letter of intent to issue a license shall be issued advising for payment of license fees of **Three hundred thousand Uganda shilling**.

## **8. Issuance of SACCO License**

Upon presentation of evidence of Payment, A SACCO License shall be issued.

## **9. Validity of SACCO License**

A license shall, unless revoked, be valid up to 31<sup>st</sup> December of the year in which it is issued