| SECTION 009 | ADVANCE LOAN POLICY |
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| LOAN POLICY NUMBER | LOAN. 009 |
| RESPONSIBLE DEPARTMENT | EDUCATION DEPARTMENT |
| EFFECTIVE DATE | 1st APRIL 2023 |
| REVIEW DATE | AFTER THREE MONTHS |
| SCOPE | ALL MEMBERSHIP OF THE SACCO |
| APPROVAL BY | THE MANAGEMENT BOARD |

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## PREAMBLE

*Whereas* The Management Board of Bunye Betfu Buhle Betfu Savings and Credit Cooperative finds it at heart to help its membership who need money urgently.

*Whereas* Bunye Betfu Buhle Betfu has always been thriving to be the best Cooperative that provides good services to its members within reasonable time.

*Whereas* it has become necessary to blend the good practices with new ideas for the betterment of the members of all class.

## DEFINITIONS/INTERPRETATIONS

**(A) "*Applicable Law*"- unless the context otherwise suggests, the words or phrases shall be defined/interpreted in accordance with the Employment Act, 1980, the Cooperative Societies Act, 2003, The FSRA Act, 2010, The Credit Consumer Act 2016 and The Anti-Money Laundering Act, 2011 (as amended), hereinafter collectively referred to as "the Acts" as well as the rules therein.**

**(B) In this Policy, save as otherwise expressly stated;**

**(i) The *"Commissioner"* means the Commissioner of Cooperatives appointed under Section…. of the Cooperatives Act, 2003.**

**(ii) *"Deposits"* shall mean a sum of money paid on terms stipulated by this policy of which it shall be repaid, with interest either on demand or at the time and in the circumstances agreed upon by the member and the office.**

**(iii) *"Member"* shall mean a person who has fully paid-up his/her shares and is admitted to membership in accordance with the SACCO By-laws.**

**(iv) *"Management Board"* shall mean the Board of Directors elected during the SGM and have passed the vetting process by FSRA.**

**(v) *"Office"* shall mean the office of Bunye Betfu Buhle Betfu Savings and Credit Cooperatives.**

**(vi) "Regulator" shall mean an office of the Financial Services Regulatory Authority known as (FSRA).**

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## 1. PURPOSE AND OBJECTIVES

a) Advance Loan is a loan product made mainly to assist members who are in need of money urgently.

b) To pay single interest rate of 7.5% on loan.

## 2. BENEFITS:

a) Low interest (7.5%);

b) Quick turnaround time on Advance Loan application;

c) Members will have quick access to cash in times of need;

d) Members can apply for this loan at the comfort of their homes using their mobile phones.

## 3. ELIGIBILITY CRITERIA

**The following criteria will be applied to determine eligibility to Advance Loan. A member who does not meet any of the below criterion will not be eligible for the loan.**

a) 6 months fully paid up membership;

b) The member has read and agreed to all terms and conditions.

c) The member must be up to date on repayment of all loans;

d) Delinquent and black listed members shall not qualify to benefit from this product.

## 4. REQUIREMENTS

a) National Identity Card (ID) or Membership card.

b) All loans shall be restricted to members only

c) Members must be up to date with the repayment of the advance loan. On application members must have settled any outstanding advance.

d) Processing of all loans shall be done in accordance with the advance agreement.

e) The advance shall be considered on FIFO (First In First Out)

f) The Advance shall be monitored by the Credit Supervisor, Credit Committee and the Executive Committee.

g) The Advance shall be processed in Real-Time and paid through Mobile Money.

h) Application for the Advance shall be received through Mobile phones, USSD and the Office.

5. **LOAN PROCEDURE**
   a) The office shall fully explain the approval procedure to the applicant.
   b) Loan application can take place through application in the office or via mobile phones.
   c) At the office, the standard application procedure will take place and loans disbursed on the same day via mobile money.
   d) When using mobile phones, members will be able to access loans using a USSD code which will be linked to the system and conduct verifications before loan is issued.
   e) The office shall fully inform the member before the loan has been granted of repayment obligations for both principal loan and interest thereof (issue a quotation).
   f) The office shall also explain that the borrower understands, appreciate the risks and costs of the proposed rights, obligation collection procedures under the proposed new loan.
   g) The Manager/Credit Supervisor shall provide recommendations as to granting of the loan to a member.
   h) The granting of the loan shall follow the SACCO loan procedures.
   i) The Manager/Credit Supervisor if requested shall attend meetings of the Credit Committee in order to personally provide opinions on the loan applications.

6. **LOAN DISBURSEMENT**
   a) All loans disbursement must be properly recorded both in member's passbooks, ledger cards and the SACCO systems.
   b) The Advance loan will be disbursed or paid to the member's mobile money accounts or the member's bank accounts.

7. **CONDITIONS**
   a) A member can borrow a maximum of E1,500.00 payable in 3 months.
   b) The Advance loan shall charge an interest of 7.5% and is payable in three (3) monthly instalments.

c) Repayment will be made through mobile money or Swaziland Building Society Account.

d) There shall be no verbal or other agreements which modify or affect the validity of the terms of this Agreement without the written consent and signed by both parties

## 8. REPAYMENT PLAN

a) The repayment period and the amount to be repaid per month shall be determined by the Credit process in accordance with this Agreement.

## 9. SANCTION

**Debt Enforcement**

The borrower is expected to pay back the Advance loan within three months and if he/she defaults or fails to pay the SACCO may invoke the following processes;

**a) Internal Process**

I. The Credit Supervisor may engage the borrower;
II. If there is no solution the matter will be referred to the Credit Committee;
III. If there is still no solution, after three months, the loan will be deducted from source.

## 10. LOAN DISCLAIMER

Once a member has accepted the terms and conditions on the USSD then the Agreement will be binding.

## 11. DEFAULTERS AND WITHDRAWALS

a) Failure to service the Advance loan will attract penalty rate of interest which shall be charged on all overdue loans, such charges shall be fixed at 10% of the monthly installment amount, not the entire principal balance unless it is the last payment and every day payment is late.

b) The SACCO shall give a one (1) month notice to the consumer credit of any amount due for payment if the member is in default of payment.

c) No member shall be allowed to withdraw from the SACCO his/her membership unless all debts had been repaid in full or loan balance can be fully offset by the member's savings.

**12. IMPORTANT NOTES**

a) The SACCO cannot be held liable for a member who is over indebted due to reckless borrowing from other financial lenders.
b) Any problem arising out of the operation of this policy or any matter that cannot be dealt with under this policy may be referred to the general meeting of members.

**13. ADOPTION OF RULES**

a) It is the consensus of the Management Board of Bunye Betfu Buhle Betfu SACCO that these rules as presented and modified from time to time shall form the written Advance Loan policy of the SACCO and shall be strictly followed by both members and office of the SACCO.
**b)** So it is decided that these rules shall come into effect on this day………of…………………………………………………………..2023

**14. MANAGEMENT BOARD APPROVAL**

This Advance Loan Policy was discussed, approved and adopted with amendments by the Board for implementation on the ……… of the month of …………………….2023

It was approved by the Management Board Meeting held on ……………………...