

SHIFTING
REGULATION

90 Saccos identified for BoU regulation

Bank of Uganda's supervision targets Saccos holding over Shs1.5b in savings and at least Shs500m in institutional share capital.

Supervision.

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Bank of Uganda (BoU) has identified and written to more than 90 large Savings and Credit Cooperative Societies (Saccos) to apply for licenses.

The Saccos, BoU says, qualify for regulation and supervision by the central bank, marking a significant expansion of oversight in the fast-growing cooperative financial sector.

In its Annual Supervision Report 2025, Bank of Uganda said a market survey conducted as of December 31, 2024, had established that more than 90 registered societies met the criteria to be classified as large Saccos and, therefore, fall within BoU's supervisory mandate.

"All the identified qualifying large SACCOS have been notified, in writing, and BoU is supporting the institutions through the licensing process," BoU wrote in its report.

Under the current regulatory framework, BoU considers a Sacco to be "large" if it mobilises voluntary savings of more than Shs1.5b and holds institutional (share) capital of at least Shs500m.

These thresholds are set out under the Microfinance Deposit-Taking Institutions Act and the Microfinance Deposit-Taking Institutions (Registered Societies) Regulations, 2023.

By crossing these thresholds, such Saccos are deemed large enough to pose heightened consumer protection and systemic risks, particularly given their role in mobilising member deposits, extending credit, and handling high transaction volumes.

BoU's move reflects growing concern that rapid expansion in the Sacco sub-sector has outpaced the traditional supervisory structures under which many cooperatives have operated.

Thus, BoU, according to the report, seeks to ensure that large cooperatives meet minimum standards on govern-



Bank of Uganda has written to over 90 large Saccos with savings above Shs1.5b and share capital of Shs500m, expanding the central bank's supervision of the cooperative finance sector. PHOTO/FILE

ance, capital adequacy, risk management, and reporting, comparable to those applied to other supervised financial institutions.

The intervention comes against the backdrop of sustained growth in the cooperatives sub-sector, which has become a key pillar of financial inclusion, particularly in rural and peri-urban areas.

Saccos play a vital role in mobilising

savings from members who may otherwise remain outside the formal banking system, while providing affordable credit to households, farmers, and small businesses.

However, the scale at which some Saccos now operate, handling billions of shillings in member savings, has raised questions about the adequacy of light-touch oversight.

In 2025, BoU issued licenses to three

large Saccos - EBO Cooperative Savings and Credit Society, Kyazanga-Kwegatta Microfinance Cooperative Savings and Credit Society, and MADFA Cooperative Savings and Credit Society, signalling the beginning of a broader transition of large cooperatives into the formal supervisory framework.

In its report, Bank of Uganda said four other applications are still under review, with focus mainly put on com-

Key figures

Shs1.5b

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Shs500m

BoU considers a Sacco to be "large" if it holds institutional (share) capital of at least Shs500m.

pliance with licensing requirements, noting that the shift will be supportive rather than punitive, focusing on gradual alignment with prudential requirements.

"The objective is to enhance governance, protect members' savings, and promote stability in a subsector that plays a critical role in financial inclusion," BoU said in the report, noting that as part of this transition, it plan to roll out sensitisation in the 2025/2026 financial year to raise awareness among Sacco leaders and members about licensing requirements, regulatory obligations, and the implications of operating at a larger financial scale.

The campaigns are expected to clarify what central bank supervision entails, including regular reporting, on-site examinations, and adherence to prudential standards.

The move underscores a broader policy shift whereby, as Saccos grow in size, capital strength, and turnover, informal or fragmented oversight is no longer sufficient.

With more than 90 large Saccos now on BoU's radar, the cooperative sector is entering a new phase, one defined by stronger regulation, enhanced transparency, and closer integration into the country's formal financial system.