

OPERATIONS MANUAL

for SAVINGS AND CREDIT COOPERATIVES

NATCCO - SEDCOP FI PROGRAM

"Setting Standards... Building A Strong Network of FI Co-ops"

a partnership program of the

**CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
DEVELOPPEMENT INTERNATIONAL DEJARDINS
NATCCO NETWORK**



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Operations Manual

Subject : Table of Contents

Section :

Version Date :

Original Date :

I.	Introduction	3
II.	Savings Deposits	4
	- Opening of Savings Account	5
	- Accepting Deposits to Savings Account	8
	- Withdrawals from Savings Account	9
	- Closing of Savings Account	11
III.	Time Deposits	12
	- Opening of Time Deposit Account	14
	- Closing and Payment of Time Deposit Account	16
IV.	Loan Collection and Other Transactions	17
	- Loan Collection	18
	- Other Transactions	19
V.	Transactions Outside the Office	20
	- Loan Collection Outside the Office	21
	- Accepting Savings Deposits Outside the Office	22
	- Procedures Inside the Office	23
VI.	Related Procedures	24
	- Handling of Deposits and Payments	25
	- Persons not Capable of Entering Into Contracts	26
	- Debit and Credit Memos	27
	- Accounts under Garnishment	28
	- Dormant Deposits	29
	- Shortage and Overage	30
	- Certification of Deposits	31
	- Holdout on Deposits	32
	- Lost Passbook and Certificate of Time Deposit	33

Operations Manual

Subject : Table of Contents

Section :

Version Date :

Original Date :

VII.	Cash Operations	34
	- Transfers from Vault to Teller	35
	- Transfers from Teller to Vault	36
	- Transfers from Vault to Depository Bank	37
VIII.	Security and Emergency Measures	38
	- Premises	39
	- Safes and Vault	41
	- Files and Records	43
	- Robbery	44
IX.	Forms	45
	- Member's Information Sheet	46
	- Signature Card	50
	- Joint Account Agreement	51
	- Savings Deposit Slip	52
	- Savings Withdrawal Slip	53
	- Savings Passbook	54
	- Certificate of Time Deposit	55
	- Official Receipt	56
	- Affidavit of Loss	57
	- Debit and Credit Memo	58

Operations Manual	
Subject : Introduction	
Section :	
Version Date :	Original Date :

More than simply to avail of banking services, membership in a savings and credit primary cooperative provides the opportunity to share in the values and principles of cooperation and to participate in setting the cooperative's direction and to also enjoy its fruits. The Pre-membership Education Seminar is a tradition and continues to be the means for new or prospective members to appreciate what the cooperative is all about.

Membership is commonly classified as regular or associate. Regular membership requires a minimum amount of share capital. It gives the member the right to vote and to be voted upon as candidates for the board of directors or the committees. It gives the member to right to share in the cooperative's net surplus at the end of the year, which is given as patronage refunds and interest on share capital. It also allows the member to use the cooperative's credit services.

Regular members must abide by the rules of the cooperative and use the services of the cooperative in order to maintain their status as members in good standing and thereby continue enjoying the rights of regular membership.

Associate membership is open to individuals, organizations, and members of self-help groups. Associate members must have savings or time deposit accounts. They are not required to have share capital. They may give suggestions on how to improve the cooperative's services and management although they cannot vote and be voted upon. They are not allowed to use the credit services, except for self-help groups, which can avail of micro-finance loans. However, except for organizations, associate members may apply for regular membership in the future, such as after saving for the minimum share capital.

Design

The Operations Manual presents guidelines and procedures for carrying out transactions with members. It ensures that safety and efficiency are built into transaction procedures and that basic requirements and underlying considerations are understood.

The manual covers transactions involving savings and time deposits, loan collections and other payments. For each of these transactions, guidelines and procedures are provided, covering the time from when the member approaches the teller, collector or new accounts clerk, until the transaction is recorded and finished. Each step is described in detail.

The manual is designed to be updated as procedures are improved or new ones are introduced, by revising existing sections or inserting new ones.

Each section is normally divided into subsections on guidelines and procedures.

Operations Manual

Subject : Savings Deposits

Section :

Version Date :

Original Date :

Savings deposits are encouraged as the major source of funds for operations. People need a safe place where they can temporarily keep most of their incomes and withdraw these as purchases and payments come about. These type of deposits are therefore readily available especially everytime incomes are received and when revenues are being realized.

For a depositor, some important considerations for opening and maintaining a savings account are accessibility, opportunity to use other services of the cooperative, and friendly service. Having a reasonable interest rate close to those offered by big banks is sufficient, because savings deposits are not intended for long term placement.

Computation and payment of interest on savings deposits are done quarterly.

However, since savings deposits are an indebtedness of the cooperative that is due upon demand of the depositors, the cooperative must maintain sufficient cash funds for withdrawals.

Operations Manual

Subject : Savings Deposits

Section : Opening of Savings Account

Version Date :

Original Date :

Guidelines

1. New clients must complete an orientation seminar.
2. A person opening a savings account must present proper identification:
 - 2.1 for individuals, two identification cards
 - 2.2 for juridical persons:
 - a. articles of incorporation and by-laws
 - b. board resolution authorizing the opening of a savings account and the signatories for the account.
3. Two or more individuals may open a joint savings account. All parties must sign a joint account agreement and indicate whether the account is an AND or an AND/OR type of joint account.
 - 3.1 Joint account holders in an AND account desire that all their signatures are required to appear when operating the joint account.
 - 3.2 Joint account holders in an AND/OR account desire that any one of their signatures is sufficient when operating the joint account.
4. Records of deposit transactions per account must be maintained in a subsidiary savings account ledger for the cooperative's bookkeeping system and in a savings passbook for the depositor's record. The savings account ledger is the primary record of deposit transactions. The savings passbook must be regularly updated based on the records in the savings account ledger. Passbooks not updated for over _____ months will be updated by the cooperative to indicate only the current balance instead of each transaction.
5. The minimum amount to open a savings account is _____ (P_____). The management may change this amount from time to time considering the cost of servicing the account.
6. The minimum average daily balance that must be maintained in the savings account is _____ (P_____). The management may change this amount from time to time considering the cost of servicing the account.
7. A service charge of _____ (P_____) per month is charged to a savings account that falls below the required minimum balance.
8. The rate of interest on a savings account is _____ percent (____%) p.a., computed and paid every quarter. The management may change this rate from time to time based on the prevailing market interest rates.

Operations Manual

Subject : Savings Deposits

Section : Opening of Savings Account

Version Date :

Original Date :

9. The manager or any other designated officer approves the opening of a savings account.
10. Deposits in savings accounts are confidential. The depositor must authorize in writing any inquiry about his or her savings account through a representative.

Procedures

1. Membership development officer informs depositor of the features of a savings account and the guidelines concerning this.
2. Depositor completes or updates the following forms.
 - 2.1 Member's Information Sheet
 - 2.2 Signature Card (two copies -- one copy for a numerical file and the second copy for an alphabetical file)
 - 2.3 Joint Account Agreement (for joint account)
3. Depositor presents proper identification.
4. Membership development officer prepares the following forms for the depositor.
 - 4.1 savings account ledger.
 - 4.2 savings passbook.
5. Membership development officer gives savings account ledger to bookkeeper.
6. Depositor --
 - 6.1 fills up deposit slip
 - 6.2 prepares cash or check items.
 - 6.3 presents the following items to the teller:
 - a. completed deposit slip
 - b. cash or check items
 - c. savings passbook
7. Teller validates deposit slip and stamps "received" on deposit slip.
8. Bookkeeper --
 - 8.1 posts amount on deposit slip to the savings account ledger
 - 8.2 updates savings passbook
 - 8.3 initials transaction on savings passbook.

Operations Manual

Subject : Savings Deposits

Section : Opening of Savings Account

Version Date :

Original Date :

9. Manager or designated officer approves the application.
10. Membership development officer files Member's Information Sheet and signature cards.
11. Teller returns updated savings passbook to depositor. If depositor filled up duplicate copy of deposit slip, teller also returns validated duplicate.
12. Depositor receives updated savings passbook and validated duplicate deposit slip if applicable.