

Join in online every Thur, 8-9pm

ProDev Hour

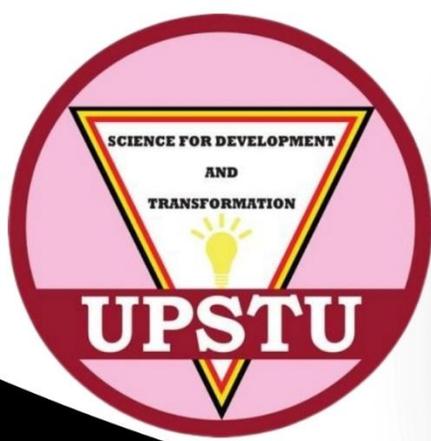
- CPD.
- Rights, Safety, Policies & Dialogue
- Innovation & Skill Development
- Social & Economic Empowerment
- Updates on Union Programs and Activities

“Science for Development and Transformation.”



Uganda Professional Science Teachers Union

Website: www.upstu.org



**ProDev
Hour**



Today's Topic:



“Understanding Credit and Loans” –

12th / June / 2025

Join in online every Thur, 8-9pm for:
✓ CPD ✓ Empowerment ✓ Union Updates

Richard Mukooba

**MANAGER, UPSTU
MEMBERS SACCO**



SPEAKER:

TOPIC:

“Science for Development and Transformation.”



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Introduction

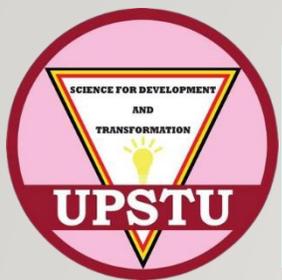
- Recap: Last time we talked about managing personal finances.
- Today's focus: Learn how loans work, how to borrow wisely, and how credit affects your financial health.
- Mismanaging credit leads to stress and financial setbacks.
Wise borrowing creates opportunity.



What is Credit?

- Definition: Credit is the ability to borrow money now and pay it back later, usually with interest.
- Sources of Credit:
 - SACCO loans
 - Banks and MFIs
 - Mobile lenders
 - Retail credit (shops, schools, suppliers), etc





Good Debt vs Bad Debt

Good Debt

Used to acquire income-generating assets or improve your future (e.g. business loan, school fees)

Has a clear repayment plan

Comes with reasonable interest

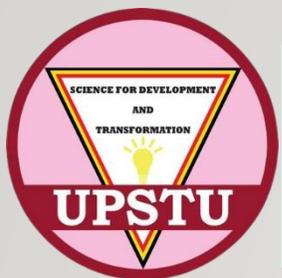
Bad Debt

Used to fund consumption or unnecessary luxuries (e.g. phone loan, party loan)

No plan or unclear source of repayment

High interest, hidden fees





Types of Loans Available at UPSTU SACCO

<p>Emergency Loans</p> <p>For urgent and unforeseen financial needs ie school fees, hospital bills etc.</p>	<ul style="list-style-type: none"> ❖ Loan Amount above Ugx. 1,000,000 to Max. Ugx. 5,000,000 ❖ Loan Term: upto 11 months ❖ Collateral: shares and savings plus guarantors ❖ Repayment Mode: Monthly ❖ Grace period: 0 	<ul style="list-style-type: none"> ❖ Interest Rate: 3% per month flat rate ❖ Processing Fee. 50,000 ❖ Insurance fee. 1% of the loan amount 	<ol style="list-style-type: none"> 1. Filled loan application form 2. Copy of National ID 3. 2 passport size photos 4. Savings and shares 5. 2 Credible guarantors <p>Note. Borrower's savings, shares plus guarantor's savings and shares should be able to cover the loan amount approved.</p>
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Types of Loans Available at UPSTU SACCO

<p>Micro Loans</p> <p>As per breakdown in Retail Loans</p> <p>These are small loans to support micro enterprises or personal needs</p>	<ul style="list-style-type: none"> ❖ Loan Amount Min Ugx. 1,00,000 to Max. Ugx. 1,000,000 ❖ Loan Term: upto 11 months ❖ Collateral: shares and savings plus guarantors ❖ Repayment Mode: Monthly ❖ Grace period: 0 	<ul style="list-style-type: none"> ❖ Interest Rate: 3% per month flat rate ❖ Processing Fee. 50,000 Insurance fee. 1% of the loan amount 	<ol style="list-style-type: none"> 1. Filled loan application form 2. Copy of National ID 3. 2 passport size photos 4. Savings and shares 5. 2 Credible guarantors <p>Note. Borrower's savings, shares plus guarantor's savings and shares should be able to cover the loan amount approved.</p>
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Types of Loans Available at UPSTU SACCO



<p>Business Loans This is a loan product targeting members engaged in business activities or planning to start. The loan can be used to finance working capital needs or acquisition of business assets and expansion.</p>	<ul style="list-style-type: none"> ❖ Maximum Loan amount of up to UGX 100Million ❖ Maximum loan period of up to 3 years ❖ Loans above UGX 50m to be secured by tangible collateral ❖ Loan size is based on capacity to pay and collateral value ❖ Business cashflow to be assessed. 	<ul style="list-style-type: none"> ❖ Interest rate of 13% per annum ❖ Processing fee of 1% of the loan amount ❖ Insurance fee of 1% of the loan amount 	<p>Members' savings and share capital Capacity to pay back Trading License and business records Business Rental receipts to prove ownership Integrity of the prospective loan applicant Membership, Qualification for a loan requires one to have saved with SACCO for (6) months from the date of joining the SACCO and in addition, to have purchased at least fifty (50) share. Bank Statement showing the last 6 months salary deposits is a must. Must have a minimum of 2 guarantors Must present a passport photo and copy of national ID Provide 3 most recent payslips Provide copy of appointment letter Recommendation from the regional chairperson.</p>
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Types of Loans Available at UPSTU SACCO



Agricultural Loans
 This is a loan product designed to target members who want to finance agriculture production and agri business like; diary, poultry, piggery, fishing, fish farming, coffee farming, Banana and bee keeping etc.

- ❖ Maximum amount of up to UGX 50Million
- ❖ Maximum loan period of up to 3 years
- ❖ Loans above UGX 50m to be secured by tangible collateral
- ❖ Loan size is based on capacity to pay and collateral value
- ❖ Agric activity cashflow to be assessed.
- ❖ Conditions: Must demonstrate agricultural experience

- ❖ Interest rate of 13% per annum
- ❖ Processing fee of 1% of the loan amount
- ❖ Insurance fee of 1% of the loan amount

Members' savings and share capital
 Capacity to pay back
 Integrity of the prospective loan applicant
 Membership, Qualification for a loan requires one to have saved with SACCO for (3) months from the date of joining the SACCO and in addition, to have purchased at least ten (50) shares
 Bank Statement, Bank statement showing the last six months salary deposits is a must. This is to help determine the member's capacity to repay the loan if granted.
 Must have a minimum of 2 guarantors
 Must present a passport photo and copy of national ID
 Provide 3 most recent payslips
 Provide copy of appointment letter
 Recommendation from the regional chairperson.
 Demonstrate experience of farming with records.



Types of Loans Available at UPSTU SACCO



<p>Development Loans For larger scale personal or community development projects.</p>	<ul style="list-style-type: none"> ❖ Min. Loan: UGX 20,000,000 ❖ Max. Loan: UGX 100,000,000 ❖ Loan Term: Up to 5years ❖ Loan Size: Up to 80% of project cost ❖ Loans above UGX 50m to be secured by tangible collateral ❖ Collateral: Project assets, land title ❖ Conditions: Feasibility study and environmental impact assessment required 	<ul style="list-style-type: none"> ❖ Interest rate of 13% per annum ❖ Processing fee of 1% of the loan amount ❖ Insurance fee of 1% of the loan amount 	<p>Members' savings and share capital Capacity to pay back Integrity of the prospective loan applicant Membership, Qualification for a loan requires one to have saved with SACCO for (3) months from the date of joining the SACCO and in addition, to have purchased at least ten (50) share Bank Statement, Bank statement showing the last six months salary deposits is a must. This is to help determine the member's capacity to repay the loan if granted. Must have a minimum of 2 guarantors Must present a passport photo and copy of national ID Provide 3 most recent payslips Provide copy of appointment letter Recommendation from the regional chairperson. Demonstrate experience of farming with records. Project plan</p>
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Types of Loans Available at UPSTU SACCO



<p>Asset Finance Loan</p> <p>For purchasing specific items or assets.</p>	<ul style="list-style-type: none"> ❖ Max. Loan: UGX 100,000,000 ❖ Loan Term: Up to 5 years ❖ Loan Size: Up to 90% of the value of the item ❖ Borrowers' contribution of 10% of the value of the item ❖ Collateral: Item being purchased 	<ul style="list-style-type: none"> ❖ Interest rate of 13% per annum ❖ Processing fee of 1% of the loan amount ❖ Insurance fee of 1% of the loan amount 	<p>Inspection of Asset to finance</p> <p>Valuation of Asset, if it is collateral</p> <p>Provide invoice/ quotation of item</p> <p>Proof of payment of contribution</p> <p>Additional requirements as above</p>
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Types of Loans Available at UPSTU SACCO



Home Loans
This is a loan product designed for members who want to construct buildings or complete houses or purchase both commercial and residential houses.

- ❖ Maximum loan of up to UGX 150M
- ❖ Borrowers contribution of 20% of the project value
- ❖ Repayment period of up to 5 years
- ❖ Loan size, upto 90% of the property value
- ❖ Collateral, mortgage property
- ❖ Loan amount beyond Ugx.50m to be secured by tangible collateral
- ❖ Monthly repayments

- ❖ Interest rate of 13% per annum
- ❖ Processing fee of 1% of the loan amount
- ❖ Insurance fee of 1% of the loan amount

Members' savings and share capital
Capacity to pay back
Building plans and stages of construction in case of construction
Integrity of the prospective loan applicant
Membership, Qualification for a loan requires one to have saved with SACCO for six (3) months from the date of joining the SACCO and in addition, to have purchased at least ten (50) share
Bank Statement, Bank statement showing the last six months salary deposits is a must. This is to help determine the member's capacity to repay the loan if granted.
Must have a minimum of 2 guarantors
Must present a passport photo and copy of national ID
Provide 3 most recent payslips
Provide copy of appointment letter
Recommendation from the regional chairperson.



Types of Loans Available at UPSTU SACCO



Corporate Loans

For those with corporate saving account.

- ❖ **Min. Loan: UGX 10,000,000**
- ❖ **Max. Loan: UGX 1,000,000,000**
- ❖ **Loan Term: 1-5 years**
- ❖ **Loan Size: Based on corporate saving account**
- ❖ **Collateral: Shares above 100, Financial discipline, guarantors and stable flow of income or salary**
- ❖ **Loans above UGX 50m to be secured by tangible collateral**
- ❖ **Conditions: Substantive financial records required**

- ❖ **Interest Rate: As above**
- ❖ **3-5% p.a.**
- ❖ **Processing fee of 1% of the loan amount**
- ❖ **Insurance fee of 1% of the loan amount**



Types of Loans Available at UPSTU SACCO



Education Loan

This is a loan product designed for members who want to further their education. The loan products include school fees loan, school improvement loans, purchase of scholastic materials and other financing need related to education. It also include school fees for dependants.

- ❖ Maximum amount of up to UGX 50Million
- ❖ Maximum loan period of up to 3 years
- ❖ Collateral may be asked depending on the loan amount
- ❖ Loan size is based on capacity to pay and collateral value

- ❖ Interest rate of 13% per annum
- ❖ Processing fee of 1% of the loan amount
- ❖ Insurance fee of 1% of the loan amount

School Admission letter
School circular
As above



Types of Loans Available at UPSTU SACCO



Group Loans

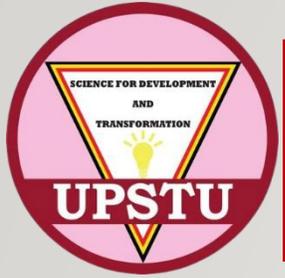
This product is designed for members with already established group and would want to access a loan facility as a group for a shared responsibility.

- ❖ Maximum amount of up to UGX 50Million
- ❖ Maximum loan period of up to 3 years
- ❖ Collateral may be asked depending on the loan amount and risk appetite
- ❖ Loan size, 3 times the group's share capital
- ❖ Loan is advanced to the group
- ❖ Interest rate of 13% per annum
- ❖ Processing fee of 1% of the loan amount
- ❖ Insurance fee of 1% of the loan amount

Group must have been in existence for atleast 2years
 Group must have a minimum of 100 shares with SACCO
 Group Must demonstrate a clear risk management model
 Group constitution fully signed by all members
 Members guarantee and undertaking
 Group executive committee
 Minutes and resolution to borrow
 If registered, provide a certificate of registration
 Recommendation from the school head teacher
 Group shall sign an MOU with the SACCO executive.



Understanding Loan Terms



- **Key terms to know:**
 - **Principal:** Amount you borrow
 - **Interest rate:** Cost of borrowing (e.g. 2% per month)
 - **Repayment period:** Time given to pay back
 - **Collateral:** Security for the loan
 - **Guarantor:** A person who supports your loan application and shares liability



SACCO Loan Application Process



- Be an active, consistent saver and shareholder
- Identify your loan purpose
- Fill application form
- Present credible guarantors who are sacco members or collateral
- Wait for approval and disbursement
- Repay consistently to build trust



The Cost of Borrowing



- **Understand the Interests Charged. For Example:**
Borrowing UGX 1,000,000 at 2% interest per month for 6 months
 - Monthly interest: UGX 20,000
 - Total interest: UGX 120,000
 - Total repayment: UGX 1,120,000
- ➔ **Tip:** Always ask: “How much will I pay back in total?”



Building a Good Credit Record



- ● Borrow only when necessary
- ● Always pay on time
- ● Don't borrow from multiple sources recklessly
- ● Don't default or delay – it affects your trust level
- ● Use SACCO loans productively
-  Good credit = higher borrowing limit, faster approvals



Warning Signs of Problem Debt



- Borrowing to repay other loans
 - Missing or delaying payments
 - Borrowing for non-essential wants
 - Hiding debt from spouse or family
- ➔ **Solution:** Talk to SACCO manager early, seek debt advice



Tools to Help You Manage Loans



- SACCO loan calculator (Excel or online)
- Expense tracker
- Monthly debt schedule, etc

LOAN SCHEDULE COMPUTATION REDUCING AND NON REDUCING.xlsx - Excel

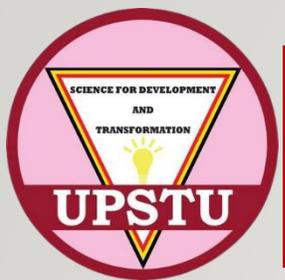
Please move this window away from the shared application.

UGANDA PROFESSIONAL SCIENCE TEACHERS' UNION
MEMBERS' SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

Address: Plot 1B Commercial Street, Ntinda. P.O. Box 672, Kla. Email: upstumemberssacco@gmail.com
Contacts: 0782650164 (Chairperson) | 0703250840 (Secretary) | 0772614483 (Treasurer)

MEMBER No.	UST003	NAME	MEMBERS NAME		TEL:	701623308				
LOAN NO	1023	LOAN AMOUNT (Shs)	100,000,000	Repayment Period	60	months				
Amount in words:		ONE HUNDRED MILLION SHILLINGS ONLY								
Loan approved (date)		15-Oct-24	Interest Rate	Annual	3.00%	Non Reducing				
I undertake to repay the loan as per the schedule below.						1,916,700	<--Equal Monthly Installement			
Month No	Repayment Date	Outstanding Balance	Interest Payable	Principle Payable	Amount Payable	Late Payment Penalty	Actual Amount Paid	Arrears	Status / Comment	
TOTALS			15,000,000	100,000,000	115,002,000			12,416,900		
1	15 Nov 2024	100,000,000	250,000	1,666,667	1,916,700		1,000,000	916,700	Made a part payment of 1M on 29th Nov	
2	15 Dec 2024	98,333,333	250,000	1,666,667	1,916,700			1,916,700		
3	15 Jan 2025	96,666,667	250,000	1,666,667	1,916,700			1,916,700		
4	15 Feb 2025	95,000,000	250,000	1,666,667	1,916,700			1,916,700		
5	15 Mar 2025	93,333,333	250,000	1,666,667	1,916,700			1,916,700		
6	15 Apr 2025	91,666,667	250,000	1,666,667	1,916,700			1,916,700		
7	15 May 2025	90,000,000	250,000	1,666,667	1,916,700			1,916,700		

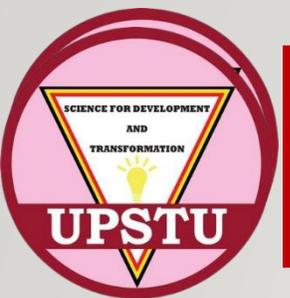
also giving loans. You al pull, you



Final Thoughts

- Credit is a powerful tool—if used wisely
- Your SACCO is your first and safest source of borrowing
- Develop habits of responsible credit use
- Quote: “Don’t borrow your future to enjoy the present.”





Q & A



OPEN SHARING SEGMENT

RAISE HAND / UNMUTE TO INTRODUCE SELF & SHARE

“Science for Development and Transformation.”

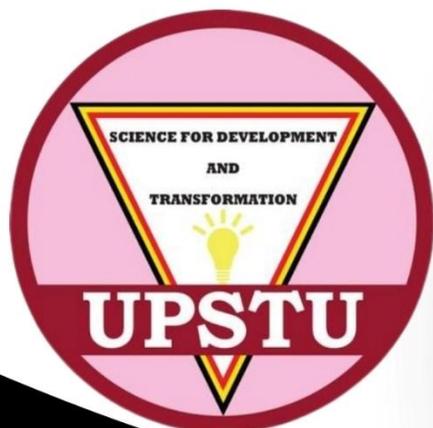


Uganda Professional Science Teachers Union

Website: www.upstu.org



Contact:
0785693183



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