

**CHALLENGES FACING DEPOSIT TAKING SAVINGS AND CREDIT CO-
OPERATIVES' COMPLIANCE WITH THE SACCO SOCIETIES' ACT NUMBER
14 (2008) IN NYERI COUNTY**

SAMWEL M. NGUGI

B211 – 0005/2012

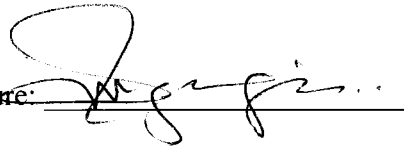
DEDAN KIMATHI UNIVERSITY LIBRARY

**A Thesis Submitted to the School of Business Management and Economics in Partial
Fulfillment for the Award of Master of Business Administration of Dedan Kimathi
University of Technology**

FEBRUARY, 2014

DECLARATION

I declare that this thesis is my original work and has not been submitted to any other University or any institution of higher learning for examination/academic purposes.

Signature: 

Date 17/4/14

Samwel M. Ngugi

B211-0005-2012

DEDAN KIMATHI UNIVERSITY LIBRARY

This thesis has been submitted for examination with my approval as the student supervisor.

Signature: 

Date 16/04/14

Ofunya, F.A., PhD

Lecturer

Department of Business Administration

School of Business Management and Economics

Dedan Kimathi University of Technology

ABSTRACT

The study sought to investigate the challenges facing deposit taking savings and credit co-operatives' in compliance with the Sacco societies' Act number 14 (2008) in Nyeri County. The study was guided by the following specific objectives: to assess the extent to which capital adequacy affects Savings and credit co-operatives' compliance to the Sacco societies' Act number 14 of 2008 in Nyeri county; to evaluate the extent to which governance affects Savings and credit co-operatives' compliance to the Sacco societies' Act number 14 of 2008 in Nyeri county; to investigate the extent to which information technology capacity affects Savings and credit co-operatives' compliance to the Sacco societies' Act number 14 of 2008 in Nyeri county; and to assess the extent to which size of the Savings and credit co-operatives affect Saccos' compliance to the societies' Act number 14 of 2008 in Nyeri county. to assess the compliance level to Sacco societies' Act number 14 (2008) by the Deposit Taking Savings and Credit Co-operatives; to evaluate operational environmental factors that affects compliance with the Sacco societies Act number 14 (2008) by the Deposit Taking Savings and Credit Co-operatives; to investigate internal business environmental factors that affects compliance with the Sacco societies Act number 14 (2008) by the Deposit Taking Savings and Credit Co-operatives. The study adopted descriptive survey research design where the target population was the management of the Savings and Credit Co-operatives consisting of 120 individuals since the population is small a census was carried. A questionnaire with both close ended and open ended questions was used to collect the data from the sample. The quantitative data collected was analyzed using Statistical Packages for Social Sciences version 20 to generate frequencies, percentages and mean scores. In addition, statistical inferences (Regression analysis) were used to measure relationships while thematic analysis was used to interpret and organize the qualitative data. The findings include that ICT capacity of the SACCOS in Nyeri County is inadequate; The SACCOS in the county have not attained the required capital ratio and 80% of the SACCOS have not fully complied with the Societies' Act of 2004. The researcher's conclusion and recommendations was that ICT capacity, capital adequacy, size and governance were found to be important as far as compliance with the Societies' Act number 14(2008). These factors present challenges that hinder SACCOS from compliance. Therefore Sacco societies Act should be reviewed to ensure as many SACCOS are able to comply with the Act as possible in order to ensure that members deposits held in the current outfits are protected as the small and emerging Saccos endeavour to overcome the compliance challenges. The revision may be informed by the fact that almost all the entities have not been able to comply with the high legal threshold .Further, There is also need to take into deeper consideration the historical background of the Sacco movement in Kenya and the place in financial intermediation purposes. Saccos being member based organizations and being formed to fill the existing financial service gaps that other financial institutions may not be willing to offer to the low and middle income groups need not be put on high legal standards as conventional commercial banks in order to bring as many people as possible to the financial market that is ideal for economic growth.