

**THE EFFECT OF SACCO SOCIETIES REGULATORY AUTHORITY'S
REGULATIONS ON FINANCIAL PERFORMANCE OF SACCOS IN NAIROBI
COUNTY**

BY

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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This research project has been submitted for examination with my approval as the candidate's university supervisor.

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DEDICATION

This research project is dedicated to my family, my wife Beatrice Mugure, my sons Victor Kiragu and Vincent Maigua for their inspiration to further my studies. It is also dedicated to my parents Charles Kiragu and Dominica Nyaguthii for their enormous resources support in all my studies. I also dedicate this project to my brothers, sister, nephews and nieces for their constant reminder that I ought to be a role model in life, and more so, in academics.

ABSTRACT

Savings and Credit Co-operatives Societies (SACCOs) in Kenya are required to adhere to regulations set in Sacco Societies Regulatory Authority's (SASRA) regulations. SACCOs play an increasingly important role in Kenya's financial sector, serving a growing number of both urban and rural poor households. The management has to present the capital adequacy return reports, liquidity statement report, statement of financial position and statement of deposit return as well as return on investments report which compares land, building, and financial assets to the SACCO's total assets and its core capital (WOCCU, 2009). The objective of the study was to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. The study adopted descriptive research design study in which data was gathered just once over the period 2008 to 2013 for 35 SACCOs in Nairobi County registered by SASRA. The study was facilitated by use of secondary data. Multiple regression analysis was applied to the data to examine the effects of SASRA regulations on investment performance of SACCO's in Nairobi County. The study revealed that SASRA regulations had positive effects on the financial performance of SACCOs' in Nairobi County. The study concludes that SASRA regulations have had effects on financial performance of SACCOs' in Nairobi County. The study revealed that there was a positive relationship between size, liquidity, capital adequacy ratio compliance, managerial quality, cost of income and financial performance of SACCOs' in Nairobi County. The study revealed that there was a negative relationship between non-performing loans and financial performance of SACCOs' in Nairobi County. The study revealed that that major variation on financial performance of SACCOs' in Nairobi County could be accounted by changes in size, liquidity, non-performing loans, capital adequacy ratio compliance, managerial quality and cost of income. The study revealed that there was a strong relationship between financial performance of SACCOs' in Nairobi County and changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income as shown by strong correlation coefficients.

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LIST OF ABBREVIATIONS

ACCOSCA	African Confederation of Cooperative Savings and Credit Associations
CMC	Central Management Committee
ICA	International Co-operative Alliance
KNFC	Kenya National Federation of Co-operatives
KUSCO	Kenya Union of Savings and Credit Co-operative societies
MDIs	Micro Deposit Taking Institutions
MSE	Micro and Small Enterprises
PCA	Principal Components Analysis
SACCO	Savings and Credit Co-operatives Society
SASRA	Sacco Societies Regulatory Authority

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

With the increased interest in microfinance and other forms of financial institutions serving the masses as a poverty alleviation tool, the regulation of these institutions has been added to the agenda for a number of reasons. Regulation and supervision is seen as a way of ensuring the provision of financial services to the economically active poor by financially sustainable institutions on a massive scale; promoting formalization of inclusivity of the masses in financial sector; improving performance; protecting depositors where financial institutions accept deposits; and ensuring financial system stability where financial institutions have grown to such an extent that the failure of one may disrupt the financial sector (Wright, 2005).

SACCOs in Kenya are required to adhere to regulations set out by the Sacco Societies Regulatory Authority (SASRA). The management has to present the capital adequacy return reports, liquidity statement reports, Statement of financial position and Statement of deposit return as well as Return on investments reports which compares fixed investments like land and other financial assets to the SACCO's total assets and its core capital. SACCOs play an increasingly important role in Kenya's financial sector, serving a growing number of both urban and rural poor households. An estimated 1.7 million Kenyans, 9% of the country's adult population, rely on SACCOs for financial services. In 2008, Kenya and South Africa became the first African nations to enact SACCOs specific regulations designed to strengthen

the safety and improve performance of the country's deposit taking financial co-operatives. Of Kenya's more than 4,000 SACCOs, about 220 take withdraw able deposits in addition to share based savings. These SACCOs have 12 months from the time of their application to SASRA to gain licensure (KUSCCO, (2003).

1.1.1 SASRA Regulations

The savings and credit societies (SACCOs) are among the very few business organizations which survived the financial meltdown of 2008 in developed and developing countries. This was in spite of the sector being not keenly regulated. This was so because of the people centered business model that the SACCOs embrace. The importance of the Sacco sub-sector in Kenya led the Government to enact the Sacco Act 2008 and the Sacco Societies Regulations 2010. With the intention of protecting the interest of SACCO members and improving the confidence of the public in SACCOs, the Act created the SASRA whose mandate entails licensing, regulating and supervising Sacco societies engaged in deposit taking business (KUSCCO, (2003).

The government of Kenya established SASRA under the Ministry of Cooperative Development and Marketing in an effort to reform SACCOs and ensures that the public has confidence in the SACCOs sector and thus spur Kenya's economic growth through the mobilization of domestic savings (Ministry of Cooperatives and Marketing, 2008). SASRA emphasizes that in accordance with vision 2030, the policy objective of establishing prudential regulation of deposit taking SACCOs is to enhance transparency and accountability in the SACCO subsector. This is consistent with the ongoing reforms in the

financial sector whose ultimate aim is to expand financial access, encourage efficiency and enhance financial stability of financial service providers in Kenya (KUSCCO, (2003).

The Sacco Societies Act and the SASRA regulations require the SACCOs that were already operating Front Office Services Activity (FOSA) as at the date of publication of the regulations, which was June 2010, to apply for license with SASRA to be granted permission to continue their operations, while providing for registration and licensing of new ones, (Bhole, 2004).

According to the KGS (2009), for effective enforcement of the regulations, SASRA is granted specific powers in law to deal with SACCOs societies that fail to comply. This is imperative as compliance cannot be left to the discretion of the deposit taking SACCOs. In addition to financial capacity, licensing is testimony that SACCOs have the institutional capacity, in terms of human, technology and business processes to comply with the terms and conditions of the license. The deposit taking SACCOs are required to file monthly returns of their core capital and liquidity ratio which have defined limits specified in the SASRA regulations. In addition, they are not supposed to invest a certain amount of their investment assets in illiquid assets and certain proportion of the assets must be held in liquid portfolios. SASRA recognizes that as a new law, the regulations are certain to bring challenges and impact on the SACCOs in different ways and extent. It is the responsibility of the SACCOs board of directors and the management to analyze their business reality against the operational regulations and prudential standards; and develop strategies through their business plans for consideration by the Authority as part of the licensing process (Mwaura D.N. (2005).

1.1.2 Financial Performance

Financial performance is the results of a firm's policies and operations in monetary terms. Financial performance is the results of any of many different activities undertaken by an organization. Common examples of financial performance include operating income, earnings before interest and taxes, and net asset value (Cole, G. (2004). There are two major reasons as to why organizations should have financial performance measurement. The first one is to produce financial statements at the right time. Secondly, financial statements should be analyzed to produce information about the performance of the scheme, which must be used to improve that performance, (Johnson, G & Scholes, K. (2007).

There are varied measures of financial performance. In traditional management studies, ratios are used and are classified according to the following performance aspects measured: profitability, liquidity, leverage, and efficiency (Mwaura D., 2005). These ratios can be computed directly using financial statement information. Valuation ratios are added with the traditional classification of ratios, which incorporate more current assessments by the market of the company's "worth". Simple balance sheet and income statement items are used to compute ratios to analyze financial statements of the financial institutions. It is important to note that no one measure of financial performance should be taken on its own. Rather, a thorough assessment of a company's performance should take into account many different measures as there are several factors that determine the performance of economic organization including asset base, leverage, performance of the loan book, corporate governance and the quality of staff and regulations in the industry. The essence of financial

performance measurement is to provide the organization with the maximum return on the capital employed in the business (Ngui, A. N., 2010).

Financial performance is one of many different measures to evaluate how well a company is using its resources to generate income. Common examples of financial performance include operating income, earnings before interest and taxes, and net asset value (Ngui, A. N., 2010).

1.1.3 SASRA Regulations and Financial Performance

According to SASRA, the regulations are meant to improve the competitiveness of SACCOs by setting financial and operating standards commensurate to the deposit taking business conducted by SACCOs. This is ultimately expected to drive efficiency and improve the level of savings in the SACCOs as envisaged in the financial sector strategy in vision 2030. SACCOs regulations and performance relate in that the regulations are meant to set specific requirements on the tools used to measure performance (PEARLS) leading to a direct relationship (Ngui, 2010).

While there have been several reform initiatives in the SACCOs subsector in the past, the introduction of a SACCOs specific law is recognition of the unique financial intermediation function that SACCOs play in an economy. Thus, the operational regulations and performance standards are specific and prescriptive; not to make SACCOs non-competitive and stifle their growth but to ensure that they operate and grow within a framework that promotes sound financial and business management practices (Mwaura D., 2005).

1.1.4 Saving and Credit Cooperative Societies in Nairobi County

The first Savings and credit Cooperatives in Nairobi County were started in the sixties and they have grown tremendously. The Government annual economic survey shows that as at December 2009 there were more than 2,400 active SACCOs with membership in excess of 1.5 million people in Kenya. Share capital stood at Kshs. 65 billion while outstanding loans were Kshs. 59 billion. The structure of the co-operative movement in Kenya, generally, comprises of four tiers. These include the primary societies, secondary cooperatives, tertiary cooperatives and nationwide cooperatives. The Kenya National Federation of Co-operatives (KNFC) is the only apex society in the movement. It was formed with an objective of promoting, developing, guiding, assisting and upholding ideas of the cooperative and SACCO principles. KNFC is the link between co-operatives in Kenya and the International Co-operative Alliance (ICA). Of special mention here is the African Confederation of Cooperative Savings and Credit Association (ACCOSCA), which is registered under the Societies Act, Chapter 108 of the laws of Kenya, (KUSSCO 2003).

Cooperatives are regulated by a set of principles. These principles were formulated by a group of people who lived in a village in England known as Rochdale, and they are therefore referred to as Rochdale pioneers. They formed the first successful cooperative society in 1884. This society which was a consumer cooperative society was formed in 1844 when Britain was undergoing industrial revolution. As a result of the revolution, a lot of people lost their jobs in the factories as machines were introduced to replace them. In addition to this there was general lack of credit and supply of essential commodities like salt, sugar, flour and cooking fat. Businessmen also took advantage of this situation and started offering impure products at high prices. It is against this background that Rochdale Pioneers decided

to draw up some sort of principles which would guide their operation as co-operative society. These principles were intended for the regulation of co-operative societies as indicated by the great stress on the sale of pure products and the sale of goods for cash only. It was therefore found necessary to formulate the principles for adoption by other types of cooperatives, (MOCD, 1991).

1.2 Research Problem

Gisemba (2010) undertook a study on the relationship between credit risk management practices and financial performance of SACCOs in Kenya. The study concluded that the management of the SACCOs was involved in the management of the credit risk through making credit risk decision through standardization of process and documentation watch over loan portfolio's degree of concentration and exposure for credit risk management. Gaitho (2010) carried out a survey on credit risk management practices adopted by SACCOs in Nairobi.

As of 2009, SACCOs in Kenya were not performing creditably well and hence were not playing the expected vital and vibrant role in the economic growth and development of Kenya, (Kimeu T. K., 2008). Among the major problems hindering good financial performance in SACCOs was lack of proper investment decisions, lack of investment opportunities, delayed cash flow from members and dubious investments which had very little or no gain to the members capital due to under regulation (Ahmed, 2004). Since the introduction of SASRA, there have been tremendous growths of SACCOs in Kenya, (KUSCO, 2009).

Locally, studies have done on regulation include, Wasike (2012), who did a study on the effects of Central Bank of Kenya prudential regulations on financial performance of commercial banks in Kenya. Sambu (2006), did a study on the effect of regulation on financial performance SACCOS offering front office service activity (FOSA) in Kenya and Ngaira (2011), did a study on the impact of SASRA regulations on SACCOs operations in Kenya, the case of Nairobi deposit taking SACCOs. There has been no study that has focus on establishing the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. This study sought to fill this knowledge gap to determine the effect of SASRA regulations on financial performance of SACCOs in Nairobi County.

1.3 Objectives of the Study

To determine the effects of SASRA regulations on financial performance of SACCOs in Nairobi County

1.4 Value of the Study

The study findings will be of great importance to the management of SACCOs in Kenya as it will give insights to the management of the SACCOs on the effects of SASRA regulations on performance and the ultimate goal of ensuring growth and sustainable income and maximum benefit to the members.

Through this study, the government, through the newly established SASRA, will be able to know whether regulating the co-operatives is instilling confidence and security in the sector to amass deposits for investment and financial inclusion which is Kenya's financial strategy.

The study will be of great importance to future scholars and academicians as there is inadequate literature in the field of SACCO's regulations, especially in the developing countries. This study will form the basis for future researches as it will provide literature basis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature relating to regulations and risk management practices amongst financial institutions. The literature review has been organized in the following sections. First section covers the theoretical framework on effects of SASRA regulations on financial performance of SACCOs in Kenya, generally. The second section covers the determinants of portfolio performance, empirical studies and summary of the literature review.

2.2 Theoretical Review

This study seek to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County, it was based on the economic theory , financial regulations and the public choice theory, liquidity theory and the neoclassical theory of optimal capital accumulation.

2.2.1 Public Interest Theory and Market Failure

Pearce (2007) notes that the theory of economic regulation is rooted in perception that government must step in to regulate markets in instances when markets are unable to regulate themselves. These so-called "market failures" occur where the price mechanism that regulates supply and demand breaks down, forcing government to take action. Natural monopolies and external costs (externalities) are the most prominent types of market failure. Natural monopolies occur when the fixed costs of supplying a commodity are so great that it

makes sense for only one firm to supply that commodity. Public utilities like the delivery of electricity or water/wastewater services to your home usually require so much money to build the necessary infrastructure (erect utility poles and lay pipelines) that no company would take on the task without confidence that it would control a sizeable portion of the market. The problem is that the monopoly businesses that arise from this situation tend to use their market power in ways that can be highly detrimental to the community at large. This is where governmental regulation becomes important.

Externalities occur when the costs or benefits of producing a good or service are not fully incorporated into the price. Economists often cite air pollution as a cost incurred by almost any sort of economic activity, but which is often ignored when determining the prices. When the polluting activity is very concentrated, as in a manufacturing plant, the costs to the surrounding community can be considerable. Yet, without governmental regulation there is nothing that compels the plant to either minimize the environmental impact or otherwise compensate the community for bearing that part of the cost of production. These sorts of market failures, along with the general need for mechanisms of regular public disclosure by business, make regulation critical if the public interest is to be protected. In this view, regulation results from the need to protect the public from the negative impacts of such market failures and other harmful business behaviour.

2.2.2 Neoclassical Theory of Optimal Capital Accumulation

According to neoclassical growth theory by Harrod and Robert (1987) savings are not an end in them. However, they play an important role in sustaining growth and development. Through savings, there will be capital accumulation leading to investments hence economic

growth and ultimately development. Coupled with the above, a high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy (Chrystal, at el 1995). However, in developing countries like Kenya, the theory can be used to improve the current situation of low levels of saving culture owing to poor underdeveloped stock markets, dominance of urban based commercial banks, Micro Deposit Taking Institutions (MDIs) and non-regulated Micro finance institutions in the financial markets as vehicles for savings. Hence Savings and Credit Cooperative Societies (SACCOs) are intended to offer an alternative to improve the above un-desirable situation in low income countries.

2.2.3 Financial Regulations and the Public Choice Theory

According to Financial regulation theory and the public choice theory by Johnson (2007) the fundamental flaw in financial regulations is that it is based on assumptions that regulators are self-interested individuals like the rest of us. Johnson (2007), further says that we think about regulation only in terms of how to engineer the incentives of the regulated and ignore the fact that the regulators themselves rarely have a stake in doing the job well, which in any other occupation would limit the motivation and type of individuals a position attracts (Johnson, 2007).

2.2.4 Liquidity Theory

Holmstrom and Tirole (1998) provided a theory of liquidity in a model in which intermediaries have borrowing frictions. In their Model, a government has an advantage over private markets because it can enforce repayment of borrowed funds while the private lenders cannot. They show that availability of Government provided liquidity leads to a Pareto improvement where there is aggregate uncertainty. They further argue that the role of

the government is thus to correct any inefficiencies arising from externalities and private information and possibility of hidden trades.

2.3 Determinant of Financial Performance of SACCOs

The various determinants of financial performance of SACCO's included in this study include investment regulation, management practices, capital adequacy and credit classification and loan-loss provisioning.

2.3.1 Investment Regulation

The board of SASRA is constituted by; the Commissioner of cooperatives, the Central Bank Governor who represents treasury and the Ministry of finance, and four members of the public. SASRA is funded by the exchequer (treasury). It also generates some income through the fees that it levies. Fees charged for registration of CFI are; License fee per branch USD 250, License/Registration fee USD 700 and Renewal fee of USD 250. SASRA observes that amongst all CFIs, FOSA controls 70% of deposits. Some of the challenges faced are by CFIs include; Credit Risks, Lenders of last resort, Central bank liquidity risk, Regulators not providing solutions to problems within CFIs because of conflict of interest, and finally, systemic risk. Competent external regulation and supervision can identify, avoid and resolve many investment problems experienced by SACCOs and credit unions Brian (2005).

2.3.2 Management Practices

According to Cole (2004) there is no generally accepted definition of "Management" as an activity, although the classical definition is still held to be that of Henri Fayol. His general statement about management is as follows: "To manage is to forecast and plan, to organize,

to command, to coordinate and to control. Management is a social process. The process consists of planning, control, coordination and motivation. Managing is an operational process initially best dissected by analyzing the managerial functions. The five essential managerial functions are: Planning, Organizing, Staffing, Directing and controlling (Koontz and O'Donnell 1984)

2.3.3 Capital Adequacy

Capital adequacy refers to a relative measure: it establishes the maximum level of leverage that a financial institution is allowed to reach on its operations (Johnson, 2007). It is measured by the ratio of risk-weighted assets relative to regulatory equity, which has been internationally recommended to be equal to 12.5 times, or commonly known as a capital adequacy ratio of 8% (Johnson, 2007).

Nonetheless, it has to be remembered that this prudential standard proposed by the Basel Committee was intended to be applied to international and large banking institutions from developed countries, and that it has been translated to several financial systems in developing countries despite the well-known differences in institutional risk profile, scale of operations and national economic environments (Guidotti et al, 2004; Jansson, 1997).

2.3.4 Credit Classification and Loan-loss Provisioning

Perhaps more than any other prudential standards, the ones regarding credit risk are suggested to be tailored as close as possible to the specific characteristics of the microfinance lending. These requirements should be applied to every institution engaged in microfinance operations; regardless their institutional form (Christen and Rosenberg, 2000). In addition, it

is suggested that these regulations be as simple as possible, in order to be compatible with possibly future innovations in the SACCOs (Jansson *et al*, 2004).

2.4 Empirical Literature Review

Wasike (2012) conducted study on corporate governance practices and performance at Elimu Sacco in Kenya. This study sought to achieve two objectives: To find out the influence of corporate governance practices on the performance of Elimu SACCO and to establish the challenges facing corporate governance practises at Elimu SACCO. The study used both primary and secondary data. Primary data was collected using an interview guide that had open-ended questions which enabled the researcher to collect qualitative data. The respondents of the study were ten (10) managers drawn from the various departments at Elimu SACCO. The study findings indicated that the main tasks of corporate governance involved assuring corporate efficiency and mitigating arising conflicts, providing for transparency and legitimacy of corporate activity, lowering risk for investments and providing high returns for investors and delivering framework for managerial accountability.

Ngaira (2011) did a study on the impact of SACCO regulatory authority guidelines on SACCO operations in Kenya - The case of Nairobi deposit taking SACCOs. The aim of this study was to look at the impact SASRA has had on Sacco performance since its inception. The study was conducted on the 50 deposit taking SACCOs in Nairobi. Data was collected from primary source on structured questionnaires as well as secondary sources. In administering the research instruments, the researcher used self-administered survey by use of mails and drops and pick letters. Based on this study, it can be concluded that, SASRA regulations has greatly impacted on the Sacco performance in terms of outreach and

sustainability. Most SACCOs reported recent improvement in their performance both in membership, portfolio and loan cycle and general efficiency. This was attributed to a number of factors ranging from increased membership, high efficiency, high demand and quick recoveries; one can easily attribute this to be as a result of SASRA regulatory framework.

Mbui (2010) conducted a study on the business opportunities for Stima Sacco Society Limited in a new regulatory environment. This study was aimed at establishing the challenges that the new regulatory environment posed to Stima SACCO Society Limited and the strategic business opportunities that it had created. The research was conducted through a case study design where the researcher used structured interview to guide as primary data collection instrument. Data collected was qualitative and was analyzed by content analysis, to establish the challenges. The study concludes that the new regulatory environment provided more structured and clear guidelines on the operations of Stima SACCO. The new environment was also found to be more focused on the safety of the members' funds hence creating more customer confidence and more dynamic and enabling environment for business growth of the SACCO. The study recommended that Stima SACCO should turn its challenges into opportunities and exploit the opportunities to survive in this unfamiliar regulatory environment

Muriuki (2010) did a study on factors affecting Sacco performance in Meru South district: a case of Tharaka Nithi Teachers Sacco. The broad objective of the study was to investigate the effects management variables on SACCO's performance in the TNT SACCO. Descriptive research design was used in this study. Since the population was not homogeneous, stratified random sampling design was used as a technique to draw a sample from the sampling frame.

The total population was stratified into the SACCO members, management committee members and staff sub-samples. Questionnaires were used as data collection instruments and the data was analysed using the SPSS. The results show that governance has enormous effects on the performance of the SACCO. Further, the results also indicate that the aspects of education and training play a major role on influencing governance structures. The researcher recommends that the SACCO diversifies its products to take into account the needs of the members and the available market as a means for resource mobilization.

Wasike (2012) conducted a study on the use of corporate governance as a post liberalization strategy by SACCOS in Kenya: a case study of selected SACCOS in Nairobi area. The study utilized descriptive survey employing both qualitative and quantitative methods of data collection. The target population constituted all the SACCOS from all the sectors of the economy in Kenya. A sample of 120 respondents was selected from four randomly selected divisions in Nairobi. These were drawn from three sectors using the Ministry of Co-operatives categorization that is; Private, Public and Parastatals sectors. Simple random sampling was used to select 10 respondents from each of the four divisions. Of each of the selected SACCOS, two respondents from management, six employees and two members were selected at random. A self-administered open and closed ended questionnaire was utilized in soliciting primary data from the field Data collected from the field was analysed using both descriptive and inferential data analysis, consequently information presented in tables, figures and frequency distribution and measures of central tendency. In addition, cross tabulations and correlation were computed to determine the relationship between various variables in the study. It emerged that despite adopting these strategies, many SACCOS were

yet to reap maximum returns. The researcher recommended the SACCOs need to embrace change and allow for the autonomy by de-linking government interference.

Ndubi (2006) conducted a study on strategic responses of SACCOs to changing operating Environment: a study of Nairobi Province KUSCO. The objectives of the study were; to determine the changes that have occurred in the SACCO sub-sector with the onset of the liberalization; to determine what adjustments in products, process, promotion, distribution, costs structures, market research, staff development and market predisposition the SACCOs have adopted. Primary data was collected using open and closed-ended questionnaires distributed to senior managers in the selected SACCOs. The data was thereafter, analysed using descriptive statistics and an appropriate computer package. The analysis revealed that SACCOs have made various changes in their traditional, resource mobilization and lending methods in an attempt to cope with the changed operating environment.

2.5 Summary of the Literature Review

In the theory of public interest theory and market failure, Pigou (1932) states that economic regulation is rooted in perception that government must step in to regulate markets in instances when markets are unable to regulate themselves. In this view, regulation results from the need to protect the public from the negative impacts of such market failures and other harmful business behaviour. According to neoclassical growth theory savings are not an end in them, thus Savings and Credit Cooperative Societies (SACCOs) are intended to offer an alternative to improve the above un-desirable situation in low income countries. In the theory of liquidity the government has an advantage over private markets because it can enforce repayment of borrowed funds while the private lenders cannot. None of this theory

has sought to determine the effects of SASRA regulations on financial performance of SACCO's in Nairobi County.

According to SASRA, the SACCOs society regulations are meant to improve the competitiveness of Sacco's societies by setting financial and operating standards commensurate to the deposit taking business conducted by SACCOs. Sacco's regulations and performance relate in that the regulations are meant to set specific requirements on the tools used to measure performance leading to a direct relationship (Financial Sector Deepening, 2009). While there have been several reform initiatives in SACCOs subsector in the past, the introduction of a SACCOs specific law is recognition of the unique financial intermediation function that Sacco's societies play in an economy. Thus the operational regulations and performance standards are specific and prescriptive; not to make SACCOs societies non-competitive and stifle their growth but to ensure that they operate and grow within a framework that promotes sound financial and business management practices. This study sought to the existing research gap by conducting a study to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is about the research methodology to be followed in order to realize the objectives of the study. The chapter outlines the research design, data sources, data collection method, research procedure and data analysis technique that were used and concludes with a summary.

3.2 Research Design

The research design adopted is descriptive research design study in which data was gathered just once over the period 2009 to 2013 for all SACCOs in Nairobi County registered by SASRA. The data collected was analysed over the period and compared the results for periods before and after the regulations came to effect. A cross-sectional study analysed the data collected to make inferences about a population of interest (universe) at one point in time. The study was descriptive research as it was conducted among the SACCOs over the same period.

3.3 Population of the Study

The population of the study was all the 35 SACCOs in Nairobi County registered by SASRA and that were in operations from 2008 to 2013 (Appendix IV). This period is made on the basis that it covers the three years before and three years after SASRA regulations came into effect. In order to obtain a representative statistics from the population, a number of filters

were applied. In addition, only firms that continuously operated over the period of 6 years i.e. 3 years before SASRA regulation, between 2008 and 2010, and 3 years after SASRA regulation between 2011 and 2013 were considered in the study. Census method was used in this study.

3.4 Data Collection

The study was facilitated by use of secondary data that was extracted from published financial reports of the SACCOs, articles and papers relating to effects of SASRA regulations on financial performance of SACCOs in Nairobi County.

3.5 Data Analysis Techniques

Multiple regression analysis was applied to the data to examine the effects of SASRA regulations on investment performance of SACCO's in Nairobi County. There were two multiple regression analysis, one for pre and another for post regulations, in order to determine the effects of SASRA regulations on financial performance of SACCOs in Nairobi County. The regression models were run from the financial reports of SACCO's that have been in operation from 2008 to 2013 and whose annual reports were available for the periods. The balance sheets, income statements and their notes were studied to get the data for the variables mentioned in the model.

3.6.1 Analytical Model

The multiple regression equation took the following form;

$$ROA = \beta_0 + \beta_1 LQ + \beta_2 NPL + \beta_3 CAD + \beta_4 MQ + \beta_5 CI + \beta_6 Size + \epsilon$$

Table 3.1: Operation Definition of Variable

Variables	Measures
ROA= return on Assets	Was measured by use profitability ratio, which is Return on Assets. Return on assets is equal to net income divided by total assets of the company.
LQ_t = Liquidity to total indicator	Ratio of SACCOs cash accounts assets (liquidity indicator)
NPL_t = Non-Performing Loans	Ratio of non-performing loans to total gross loans (measure for credit risk)
CAD_t = CAD of actual SACCOs capital to computed regulatory requirement	Measure of SACCOs CAR compliance
MQ_t = Managerial Quality	Ratio of SACCOs earning assets to total assets
CI_t = Cost Income Ratio	Ratio of total cost to total income (measure of SACCO productive efficiency)
Size	This was used as controlling variable as it affects the firm financial performance. Size was measured by log of total assets.
ϵ_{it}	Stochastic Error term with value 0.

3.6.2 Test of Significance Difference

Test of significance was done and the coefficient of determination (R^2) was used to check if SASRA regulations have had an effect on SACCOs' financial performance. The significance of the regression model was determined at 95% confidence interval and 5% level of significance. T-test was used to determine whether there is any significant difference in the financial performance of SACCOs before and after implementation of SASRA regulations.

CHAPTER FOUR:

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data findings to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. These data were collected from the SACCOs. Multiple linear regressions were used to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. The study covered a period of 6 years from years 2008 to 2013.

4.2 Descriptive Statistics

In section 4.2 the study present the research finding on the descriptive statistic in the data collected.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	210	.17	.76	.3157	.12813
CAD	210	.03	2.03	.2581	.33551
CI	210	.04	.94	.2733	.18814
NPL	210	.00	.44	.1184	.11334
SIZE	210	.44	3.04	.8613	.51698
MQ	210	-.67	1.27	.4011	.49977
LIQ	210	.23	.87	.4119	.15574

From the findings, the study found that there was mean of 3157 for Return on Assets, 0.2581 for the CAR compliance, 0.2733 for cost of income, 0.1184 for non-performing loans, 0.8613 for size of the SACCOs, 0.4011 for management quality and 0.4119 for the liquidity of the SACCOs.

4.3 Correlations Analysis

In this section, the study presents the research finding on the Pearson product moment correlation. Pearson product moment correlation was conducted to determine the strength of relationship between the study variables.

Table 4.2: Correlations

		ROA	CAD	CI	NPL	SIZE	MQ	LIQ
ROA	Pearson Correlation	1	.609**	.645**	-.330	.216	.190	.409
	Sig. (2-tailed)		.000	.000	.053	.973	.274	.015
	N	210	210	210	210	210	210	210
CAD	Pearson Correlation	.609**	1	.802**	.270	-.008	-.167	.504**
	Sig. (2-tailed)	.000		.000	.116	.965	.338	.002
	N	210	210	210	210	210	210	210
CI	Pearson Correlation	.645**	.802**	1	.093	-.237	.075	.702**
	Sig. (2-tailed)	.000	.000		.597	.170	.667	.000
	N	210	210	210	210	210	210	210
NPL	Pearson Correlation	-.330	.270	.093	1	.638**	-.621**	.032
	Sig. (2-tailed)	.053	.116	.597		.000	.000	.855
	N	210	210	210	210	210	210	210
SIZE	Pearson Correlation	.216	-.008	-.237	.638**	1	-.824**	-.090
	Sig. (2-tailed)	.973	.965	.170	.000		.000	.608
	N	210	210	210	210	210	210	210
MQ	Pearson Correlation	.190	-.167	.075	-.621**	-.824**	1	.174
	Sig. (2-tailed)	.274	.338	.667	.000	.000		.316
	N	210	210	210	210	210	210	210
LIQ	Pearson Correlation	.409*	.504**	.702**	.032	-.090	.174	1*
	Sig. (2-tailed)	.015	.002	.000	.855	.608	.316	
	N	210	210	210	210	210	210	210

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between Return On Assets

and various aspects of SASRA regulation, the study found that there was positive correlation coefficient between Return On Assets and cost of income as shown by correlation factor of 0.645, the study also found a positive correlation between ROA and CAR Compliance as shown by correlation coefficient of 0.609, association between ROA and liquidity was found to have positive relationship as shown by correlation coefficient of 0.409, the study also found a positive correlation between ROA and management quality as shown by correlation coefficient of 0.190, association between ROA and size was found to have positive relationship as shown by correlation coefficient of 0.216. However, ROA and non-performing loan were found to have negative correlation with a correlation coefficient of 0.330.

4.4 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 22) to code, enter and compute the measurements of the multiple regressions.

4.4.1 Regression Analysis before SASRA Regulations

In this section the study presents the research findings on the relationship between various independent variables on the regression model and financial performance of SACCOs in Nairobi County, before adoption of SASRA regulations.

Table 4.3: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.851 ^a	.724	.711	2.01670	.711	2.619	.015 ^b

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.711 an indication that there was variation of 71.1% on financial performance of SACCOs in Nairobi County due to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income at 95% confidence interval. This shows that 71.1% changes in financial performance of SACCOs could be accounted for by changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.851.

Table 4.4: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.808	6	0.468	2.619	.015 ^b
	Residual	11.858	98	0.121		
	Total	14.666	104			

From the ANOVA statistics above, the study established the regression model had a significance level of 1.5% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ($2.619 > 1.697$) an indication that size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income significantly influence the financial performance of SACCOs in Nairobi. The significance value was less than 0.05 indicating that the model was significant.

Table 4.5: Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.569	.388		4.479	.021
	Size	.266	.020	.276	5.230	.024
	Liquidity	.050	.929	.755	3.459	.041
	Non-Performing Loan	-.517	.105	-1.044	-4.173	.025
	CAR Compliance	.112	.087	.158	1.294	.019
	Managerial Quality	.295	.140	.308	2.109	.042
	Cost Income	.011	.133	.013	.085	.033

The established regression equation was

$$Y = 0.569 + 0.266 X_1 + 0.050X_2 - 0.517 X_3 + 0.112X_4 + 0.295X_5 + 0.011X_6$$

From the above regression equation, it was revealed that holding size, liquidity , non-performing loans , CAR compliance, managerial quality and cost of income to a constant zero , financial performance of SACCOs would stand at would stand at 0.569, a unit increase in size of the Sacco would lead to increase in financial performance of SACCOs by a factors of 0.266, a unit increase in liquidity of the bank would lead to increase in financial performance of Sacco by factors of 0.050 , a unit increase in non-performing loan would lead to decrease in financial performance of SACCOs by a factor of 0.517,a unit increase in CAR compliance would lead to increase in financial performance of SACCOs by a factors of 0.112, also unit increase in managerial quality would lead to increase in financial performance of SACCOs by a factor of 0.295, further unit increase in cost of income would lead to increase in financial performance of SACCOs by a factor of 0.011.

At 5% level of significance and 95% level of confidence, management quality had a 0.042 level of significance; liquidity showed a 0.041 level of significance, cos of income had a 0.033 level of significance; non-performing loans had 0.025 level of significance, size had 0.024 level of significance while CAR compliance showed 0.019 level of significance hence the most significant factor is CAR compliance. All the variables were significant ($p < 0.05$).

4.4.2 Regression Analysis after SASRA Regulations

In this section the study presents the research finding on the regression analysis on the relationship between the models independent variables and financial performance of SACCOs in Nairobi County, after adoption of SASRA regulations.

Table 4.6: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.972 ^a	.945	.891	.88133	.891	2.671	.001 ^b

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.891 an indication that there was variation of 89.1% on financial performance of SACCOs in Nairobi County due to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income at 95% confidence interval . This shows that 89.1% changes in financial performance of SACCOs could be accounted for by changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income. R is the correlation coefficient which

shows the relationship between the study variables. From the findings shown in the table above, there was a strong positive relationship between the study variables as shown by 0.972.

Table 4.7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.61	6	0.435	2.671	.001 ^b
	Residual	15.974	98	0.163		
	Total	18.584	104			

From the ANOVA statistics above, the study established the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ($2.671 > 1.697$) an indication that size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income significantly influence the financial performance of SACCOs in Nairobi. The significance value was less than 0.05 indicating that the model was significant.

Table 4.8: Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.639	.396		3.133	.052
	Size	.400	.884	.823	4.792	.017
	Liquidity	.138	.193	1.00	6.448	.008
	Non-Performing Loan	-.173	.085	-.545	-2.984	.018
	CAR Compliance	.614	.394	.671	4.098	.000
	Managerial Quality	.125	.046	.138	2.717	.033
	Cost Income	.205	.091	.029	2.253	.027

The established regression equation was

$$Y = 0.639 + 0.400 X_1 + 0.138X_2 - 0.173 X_3 + 0.614 X_4 + 0.125X_5 + 0.205 X_6$$

From the above regression equation it was revealed that holding size, liquidity , non-performing loans , CAR compliance, managerial quality and cost of income to a constant zero, financial performance of SACCOs would stand at would stand at 0.639, a unit increase in size of the Sacco would lead to increase in financial performance of SACCOs by a factors of 0.400, a unit increase in liquidity of the SACCO would lead to increase in financial performance of the SACCO by a factors of 0.138 , a unit increase in non-performing loan would lead to decrease in financial performance of SACCOs by a factor of 0.173, a unit increase in CAR compliance would lead to increase in financial performance of SACCOs by a factor of 0.614, also unit increase in managerial quality would lead to increase in financial performance of SACCOs by a factor of 0.125, further unit increase in cost of income would lead to increase in financial performance of SACCOs by a factor of 0.205.

At 5% level of significance and 95% level of confidence, management quality had a 0.033 level of significance; cost of income showed a 0.027 level of significance, non-performing loan had a 0.018 level of significance; size had 0.017 level of significance, liquidity had 0.018 level of significance while CAR compliance showed 0.000 level of significance hence the most significant factor is CAR compliance. All the variables were significant ($p < 0.05$).

4.5 Discussion of Findings

Adjusted R squared is coefficient of determination which tells us the variation in capital financial performance of SACCOs due to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income. From the findings, the study revealed that that major variation in financial performance of SACCOs could be accounted

for by changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income. The study revealed that that there was a strong relationship between capital financial performance and changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income as shown by strong correlation coefficients.

Since the implementation of SASRA regulation, it was revealed that there was greater variation on financial performance of SACCOs due to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income, the value was found to be at 89.1% compared to a lower value of 71.1% for the period that SACCOs had not implemented the regulations. This clearly shows that SASRA regulation had great effects on financial performance of SACCOs as a result of change in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income.

From the regression equation, there was a positive relationship between size of SACCOs, liquidity, CAR compliance, managerial quality and cost of income and financial performance of SACCOs. The study shows that there was a negative relationship between non-performing loans and financial performance of SACCOs. The study revealed that, a unit increase in size, liquidity, CAR compliance, managerial quality, and cost of income would lead to increase in financial performance of SACCOs and a unit increase in non-performing loan would lead to decrease in financial performance of SACCOs.

CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County.

5.2 Summary of Findings

The objective of the study was to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. The study adopted descriptive research design study in which data was gathered just once over the period 2008 to 2013 for 35 SACCOs in Nairobi County registered by SASRA. The study was facilitated by use of secondary data. Multiple regression analysis was applied to the data to examine the effects of SASRA regulations on financial performance of SACCO's in Nairobi County. From the findings the study revealed that that major variation in financial performance of SACCOs could be accounted to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income. The study showed that that there was a strong relationship between capital financial performance and changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income as shown by strong correlation coefficients.

Since the implementation of SASRA regulations, it was revealed that there was greater variation on financial performance of SACCOs due to changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income, the value was found to be at 89.1% compared to a lower value of 71.1% for the period before SASRA regulations. This clearly shows that SASRA regulations had great effects on financial performance of SACCOs.

There is a positive relationship between size of SACCOs, liquidity, CAR compliance, managerial quality, and cost of income and financial performance of SACCOs and there is a negative relationship between non-performing loans and financial performance of SACCOs.

5.3 Conclusions

From the findings, the study revealed that SASRA regulations had effects on the on financial performance of SACCOs' in Nairobi County. The study further revealed that SASRA regulations had positive effects on financial performance of SACCOs' in Nairobi County. The study concludes that SASRA regulations have had positive effects on financial performance of SACCOs' in Nairobi County.

The study revealed that, increase in size, liquidity, CAR compliance, managerial quality, and cost of income led to increase in financial performance of SACCOs' in Nairobi County and an increase in non-performing loan led to decrease in on financial performance of SACCOs' in Nairobi County.

The study revealed that there is a strong relationship between financial performance of SACCOs' in Nairobi County and changes in size, liquidity, non-performing loans, CAR compliance, managerial quality and cost of income as shown by strong correlation coefficients.

5.4 Policy Recommendations

The study recommends that there is need for SACCOs to fully implement SASRA regulations as the study revealed that SASRA regulations had effects on financial performance of SACCOs' in Nairobi County. There is need for SASRA to fully ensure that SACCOs fully implement SASRA regulations as it was revealed that SASRA regulations had positive effects on the on financial performance of SACCOs' in Nairobi County. In order for SACCOs to fully get the benefits of size, there is need for SACCOs to ensure they fully implement SASRA regulations in relation to liquidity, CAR compliance, managerial quality, non-performing and cost of income.

The study recommends that structural reforms should aim at establishing more transparency and accountability in the SACCO sub-sector to ensure that performance indicators were commensurate with the optimal practices of the intermediation function that guarantees financial stability over time. However, the findings also caution formulation of government policies that rely excessively on direct government supervision and regulation of SACCOs activities to foster incentives for private agents to promote SACCOs development, performance, and stability.

5.5 Limitation of the Study

In attaining its objective, the study was limited to SACCOs in Nairobi County. Secondary data was collected from the SACCOs registered by SASRA in Nairobi County. The study was also limited to the degree of precision of the data obtained from the secondary source. While the data was verifiable since it came from the SACCOs publications, it nonetheless could still be prone to these shortcomings.

The study was limited to determining the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County. The study was based on a six year study period from the year 2008 to 2013. A longer duration of the study would have captured periods of various economic significances. This may have probably given a longer time focus hence given a broader dimension to the problem.

The study was limited to 35 SACCOs registered by SASRA in Nairobi County in order to determine the effects of SASRA regulations on financial performance of SACCOs' in Nairobi County, inclusion of SACCOs in other counties could have given broader outlook of effects of SASRA regulations on financial performance of SACCOs.

5.6 Suggestions for Further Research

The study recommends that a study should be done on the effects of SASRA regulations on the various variables influencing financial performance of SACCOs. The study thus recommends a study on effects of SASRA regulations on capital adequacy of SACCOs' in

Nairobi County. The study recommends that a study should be done on effects of SASRA regulations on non-performing loans of SACCOs' in Nairobi County. A further study should be carried out to examine the Impact of SACCOs' regulations on Performance of employees in SACCOs to provide a broad analysis on performance.

The study also recommends that a further study should be carried out to determine the challenges facing SACCOs in implementation of SASRA regulations. The study finally recommends that a study should be conducted to establish the relationship between capital and investments regulations on one hand and financial performance of the SACCOs on the other in Kenya to offer a broad analysis on impact of regulations on financial performance of SACCOs in Kenya.

A study should be carried out to determine the Impact of the Ministry of Cooperative Development and Marketing regulations on financial Performance of SACCOs' not registered with SASRA. A further study should be carried out to establish the relationship between SASRA regulations and SACCOs' savings.

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APPENDICES

Appendix I: Introductory Letter

From: **Duncan Ndegwa Kiragu**

To: Respondent

Dear, Respondent

RE: Questionnaire

I am a student at University of Nairobi pursuing Masters of Science in Finance. I am carrying out a study on **THE EFFECT OF SACCO'S SOCIETIES REGULATORY AUTHORITY REGULATIONS ON FINANCIAL PERFORMANCE OF SACCOS IN NAIROBI COUNTY.**

I kindly request you to assist in the collection of secondary data, from your organization, so as to enable me accomplish the study. Please, note that all the information given shall be treated confidentially and used for academic purposes only. Thank you for taking your time to assist.

Yours sincerely

Duncan Ndegwa Kiragu

Student UoN, Kenya

Appendix II: Data Collection Sheet

Name of the Sacco							
	ROA	Liquidity Ration	Ratio of non- performing loans	CAD	Managerial Quality	Cost Income Ratio	Size of Sacco
2008							
2009							
2010							
2011							
2012							
2013							

Appendix III : Data Summary

Name of SACCO	ROA	CAD	CI	NPL	SIZE	MQ	LIQ
1. Ardhi	0.195	0.144	0.151	0.033	0.582	0.719	0.309
2. Elimu	0.340	0.409	0.403	0.244	0.828	0.208	0.430
3. Lenga tumaini	0.356	0.200	0.340	0.215	0.797	0.255	0.510
4. Nest	0.195	0.099	0.162	0.051	0.574	0.741	0.464
5. Reli	0.172	-0.029	-0.041	0.438	3.042	-0.671	0.400
6. Teleposta	0.580	0.120	0.140	0.018	0.459	1.180	0.450
7. Transcom	0.764	0.710	0.720	0.245	0.819	0.221	0.660
8. Ufanisi	0.216	0.214	0.230	0.000	0.441	1.269	0.285
9. Ufundi	0.591	2.030	0.940	0.251	1.096	-0.087	0.850
10. Ukristo na ufanisi	0.231	0.160	0.210	0.085	0.677	0.476	0.349
11. Afya	0.201	0.102	0.129	0.040	0.588	0.700	0.391
12. Airports	0.253	0.150	0.160	0.153	0.872	0.147	0.290
13. Asili cooperative	0.426	0.245	0.334	0.091	0.759	0.318	0.532
14. Chai	0.283	0.330	0.260	0.123	0.523	0.912	0.290
15. Chuna	0.197	0.145	0.190	0.019	0.514	0.946	0.336
16. Comoco	0.502	0.457	0.278	0.412	0.965	0.036	0.228
17. Fundilima	0.335	0.140	0.160	0.301	2.227	-0.551	0.390
18. Harambee	0.329	0.195	0.208	0.129	0.783	0.277	0.363
19. Hazina	0.258	0.260	0.310	0.068	0.610	0.640	0.320
20. Jamii	0.317	0.165	0.183	0.055	0.844	0.185	0.373
21. Kenpipe	0.200	0.093	0.146	0.043	0.834	0.199	0.329
22. Kenversity	0.356	0.180	0.190	0.009	1.520	-0.342	0.320
23. Kenya bankers	0.286	0.100	0.140	0.129	0.974	0.026	0.450
24. Kenya police	0.215	0.136	0.234	0.044	0.645	0.550	0.456
25. Kingdom	0.280	0.152	0.194	0.217	0.864	0.157	0.329
26. Magereza	0.285	0.201	0.171	0.003	1.283	-0.221	0.285
27. Maisha bora	0.301	0.154	0.337	0.056	0.464	1.154	0.745

28. Mwalimu national	0.296	0.209	0.648	0.032	0.454	1.204	0.869
29. Mwito	0.330	0.236	0.341	0.087	0.739	0.353	0.239
30. Nacico	0.230	0.159	0.215	0.055	0.575	0.738	0.346
31. Nafaka	0.198	0.169	0.187	0.035	0.457	1.187	0.437
32. Naku	0.348	0.240	0.210	0.239	1.216	-0.178	0.310
33. Nassefu	0.271	0.128	0.149	0.109	0.689	0.451	0.281
34. Nation staff	0.394	0.461	0.506	0.019	0.809	0.236	0.451
35. Orthodox	0.317	0.170	0.430	0.096	0.624	0.604	0.350

Appendix IV: SACCOs Registered by SASRA in Nairobi County and that existed in

2008

Name of the SACCO

1. Ardhi
2. Elimu
3. Lenga tumaini
4. Nest
5. Reli
6. Teleposta
7. Transcom
8. Ufanisi
9. Ufundi
10. Ukristo na ufanisi
11. Afya
12. Airports
13. Asili cooperative
14. Chai
15. Chuna
16. Comoco
17. Fundilima
18. Harambee
19. Hazina
20. Jamii
21. Kenpipe
22. Kenversity
23. Kenya bankers
24. Kenya police
25. Kingdom
26. Magereza
27. Maisha bora
28. Mwalimu national
29. Mwito
30. Nacico
31. Nafaka
32. Naku
33. Nassefu
34. Nation staff
35. Orthodox