



Understanding Factors Impacting to Low Members' Savings among Savings and Credit Co-operative Societies (SACCOS), A Survey Study in Rural Kwimba District, Mwanza Region, Tanzania

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Abstract

The functionality of the Savings and Credit Cooperative Societies (SACCOS) solely depends to members' savings. Specifically, this study aimed to determine SACCOS' members saving capacity and to identify factors leading to low members' savings. Ninety SACCOS members were selected and used in this study. Data were collected using structured questionnaire, checklist of interview and documentary review. The collected data was analyzed descriptively whereby percentages and multiple responses analysis were computed. The study findings revealed that SACCOS members in Kwimba District have low saving capacity of below 10,000TZS per month. Among the revealed factors leading to low member savings included; un-payment of interest to members' savings, few sources of income among members and lack of faith with SACCOS as a strong financial institution hence members fear of losing their money when they consider depositing to SACCOS. Stiff competition from other competitors that offer loans without savings was also among the factors leading to low member savings. The study concludes that low member savings among SACCOS members in Kwimba District is solely associated with; demographic characteristics of individual SACCOS member, SACCOS as an institution and external environment particularly SACCOS competitors. The study recommends that; SACCOS management should work upon the identified hindrances of low member savings in order to improve member savings capacity and the entire functionability of the SACCOS in Rural Kwimba District. The study as benefited the SACCOS management to strategize on how to increase members' savings capacity hence improve liquidity and functionality of the entire SACCOS.

Keywords:

Low members' savings, in Savings and Credit Co-operative Societies, Kwimba District, Mwanza Region

1. Introduction

Historically Savings and Credit Co-operative Societies (SACCOS) have been operating in Tanzania for over forty years ago. SACCOS is determined as among the micro finance institution that offers various financial services. The major purpose of the SACCOS as the micro-financial institution is based on mobilization and collection of savings hence provision of loans to their members at the agreed favorable conditions established by SACCOS (Msuya, 2022). Specifically, SACCOS work on reinforcing the habit of saving among members for building up the SACCOS internal source of capital. The function ability of the SACCOS depends much on internal source of capital which is based on members' saving rather than depending on any type of external source. Enough capital within the SACCOS that has been raised from internal source do enable the SACCOS to provide financial services to its members at reasonable interest (Yitayaw, 2021). When this happen the main goal of the SACCOS of offering services to its members at fair and low price is attained. The more the members deposit their savings the stronger the capacity of the SACCOS to provide loans and other financial services to members' price (Habte, 2016). Rules for the financial cooperative societies; SACCOS of 2004 allow a member to access a loan of up to three times the member savings amount in the specific SACCOS (URT, 2004). Loans obtained by members from SACCOS are used for personal, family development and other socio-economic development that include, starting up or expanding businesses, paying school fees, housing and meeting medical expenses. Most of the SACCOS in Tanzania have been faced with low portfolio due to high demand of loans compared to the rate of members' savings. Various developmental purposes of loans have led to high demand of loans as compared to the available internal source of fund to SACCOS (Churk, 2015).

This recent shortfall has caused some of SACCOS to depend on external source of funds particularly commercial banks and other financial institutions in order to provide loans to their members. The situation indicates that members of SACCOS in Kwimba District are not saving enough to build up strong internal source of fund to enable their SACCOS provides loans to needy members for various developmental purposes. Hence this study intended to give an understanding on the reasons for the persistence of low savings among SACCOS members' in Kwimba District.

The core activities of Savings and Credit Cooperative Societies worldwide include the collection of savings and other deposits, as well as the provision of loans to active and eligible members. Provision of loan as the main activity of the SACCOS is predetermined from the accumulated savings and other deposits of its members (Singh and Malik, 2020). Internal source of fund for providing loans depend and is raised within the SACCOS' members through their savings and other deposits. Internal source of fund enables provision of loan at a favorable interest rate and this become possible if each and every member of the SACCOS deposits savings regularly based on the SACCOS' saving policy. For the SACCOS to be viable and sustainable, it must ensure that its core products and services are available and are provided to its due members whenever needed (Chamboko et al., 2022). Regular and high saving rate among members enhances strong and sustainable functionality of the SACCOS. SACCOS' members have to raise their own internal capital for exercising loan as the core activity and main objective of the members. Most of SACCOS in Tanzania are characterized by limited internal source of funds. Weak member savings enforce SACCOS to rely heavily on external sources so as to build its lending capacity (Churk, 2015). In the context of SACCOS at Kwimba District it is hypothesized that members' savings are not sufficient enough to finance the available loan portfolio from members' needs. Yitayaw (2021) reported that the limited capacity of members' savings in many community SACCOS is attributed to various factors, and the inadequate accumulation of members' savings contributes significantly to the poor performance of the SACCOS. Due to the constrained portfolio, SACCOS management in Kwimba District are compelled to seek loans from external financial institutions, notably commercial banks, to meet the increasing demand of loans from their members. A study by Abrar (2019) publicized that accessing fund from commercial banks endangers the functionability and sustainability of the SACCOS. Also SACCOS in Kwimba District depended on external source of fund for financing their core activities the practice that violates the philosophy of SACCOS functionability. In - view of this member savings challenge, the study specifically aimed to identify savings capacity among SACCOS' members and to determine factors leading to low members' savings among SACCOS in rural Kwimba District, Mwanza region. The study was guided by two major research questions; what is the status of saving capacity among SACCOS members and what are the factors that lead to low members' savings among SACCOS in Kwimba District?

This study was done at the right time because its findings were expected to spot out the saving capacity among SACCOS' members in Kwimba District. Also the identified factors towards low member savings were considered as a stepping stone towards improving SACCOS functionality. Furthermore, results of this study can assist SACCOS to implement risk mitigation measures, reducing their dependence on external financial institutions and fostering greater financial independence. It was also anticipated that the results of this study shall influence SACCOS stakeholders to strategize on improving SACCOS liquidity, portfolio and performance through members saving capacity. SACCOS stakeholders, including SACCOS management and policymakers can make informed decisions to address the challenges related to low members' savings. Furthermore, the study was in line with 2013 policy and 2010 regulations for governing and supervision of cooperative societies in Tanzania.

1.1 Literature Review

Savings and Credit Co-operative Societies (SACCOS) are described as an autonomous and independent associations of people united voluntarily to meet their common economic, social, and cultural needs through a jointly-owned and democratically-controlled by members. These are member-based financial institutions that operate on a cooperative model, where members pool their savings together and provide financial services to one another based on the predetermined conditions (Gonosa et al., 2020). SACCOS play a crucial role of providing financial services, especially in areas where traditional banking may be less accessible. SACCOS contribute to financial services to individuals who might otherwise have limited access to formal financial institutions. To enable the SACCOS play its key role of proving loans, members has to offer savings regularly to the respective SACCOS.

Savings refer to the money set aside by individual members or groups for future use rather than immediate spending. Savings serve several purposes, providing financial security, supporting future goals, and acting as a financial cushion in times of need. According to Kareem et al, (2022) savings include money that a member has accrued from their disposable income and left to stay in a SACCOS over a given time of period. Savings that stay in SACCOS earn interest in savings accounts, and they can also serve as a foundation for more substantial investments to members and SACCOS as an institution. SACCOS primarily rely on member savings to fund their lending activities and other financial services needed by members. Loan is described as the provision of money to a borrower on condition of paying the money back with interest at a specified future period of time. Financial arrangements are made in which a lender provides funds to a borrower, and the borrower agrees to repay the loan with interest over a specified

period. Savings and Credit Cooperative Societies offer loans to individuals who are the active and eligible member of the respective SACCOS (Ng'ang'a et al., 2018).

This study was guided by institutional environment theory. Notable founder in the development of institutional theory was Douglass North in 1978. Douglass primarily is associated with institutional economics; North's work on the role of institutions in shaping economic behavior influenced institutional environment theory to be used more broadly. Institutional environment theory is a sociological and organizational theory that examines how institutions, which include formal and informal rules, norms, and practices, shape the behavior of individuals and organizations within a society.

The institutional environment of Savings and Credit Cooperative Organizations (SACCOS), encompassing policies, practices, and governance structures, significantly influences members' savings behavior. This influence extends beyond mere personal demographic characters. In regard to institutional environment theory and how various aspects of the SACCOS environment impact the way members engage with savings is described in the subsequent paragraph.

Favorable policies, such as competitive interest rates and flexible membership options, can motivate members to save regularly. Conversely, effective SACCOS financial education programs can empower members with the knowledge and skills to make informed financial decisions, leading to improved savings habits. On the other hand risk management strategies that are practiced to safeguard members' savings can build confidence and encourage active savings participation. Availability of motivation programs within the SACCOS; incentives, rewards or recognition for active savers can motivate members to increase their savings contributions. Understanding and optimizing these elements within the institutional environment of SACCOS can contribute to a positive and supportive context for members to engage in regular savings activities (Richard et al., 2022).

Member savings play a crucial role in the overall functioning of the financial cooperative societies as an organization. Members consistently contribute savings to the SACCOS through regular deposits, which can occur on a daily, weekly, or monthly basis (Yitayaw, 2021). The primary purpose of these savings is to build a strong pool of internal funds that can be used to provide financial services to the members. This pool of savings becomes the basis for providing loans and other financial products/services to members. Member savings build internal capital of the SACCOS and simultaneously serve as collateral for the loans given to the respective member. Furthermore, member savings contribute and determine the financial stability of the SACCOS' operations. Strong internal capital of the SACCOS enables the cooperative as a microfinance organization to offer loans at reasonable interest rates to its members (Habte, 2016). The saving capacity of individual members in the respective SACCOS is influenced by diverse personal characteristics and external factors.

Demographic characteristics (sex, age, marital status, education level) have a positive and significant influence on SACCOS member' saving behavior. Young people are likely to spend more than they do save since they borrow against future income as they seek person financial growth. Middle aged population tend to save more than spending as they try to secure their future while aged are in the process of dis-saving as they use their accumulated savings to fund their retirement (Singh and Malik, 2020). This study focused on individual member characteristics (demographic factors) that cause low saving and other external factors that lead to low members' savings among SACCOS in Kwimba District.

1.2 Conceptual Framework

Based on literature review and the understanding of savings the conceptual framework of members' savings capacity and its impact on the SACCOS performance was designed. Functionality of the SACCOS depends much on the amount of savings deposited by each and every member of the respective SACCOS. The designed framework (figure one) describes demographic characteristics and other external factors leading to low members' savings as independent variables. The hypothesized factors that lead to low savings include variables such as; sex, age, marital status, education level, few sources of income, unawareness of the SACCOS operation philosophy, lack of savings education, multiple loans among members and lack of motives to those who save. Low members' saving as a dependent variable is indicated by amount of money saved by individual member to SACCOS per month.

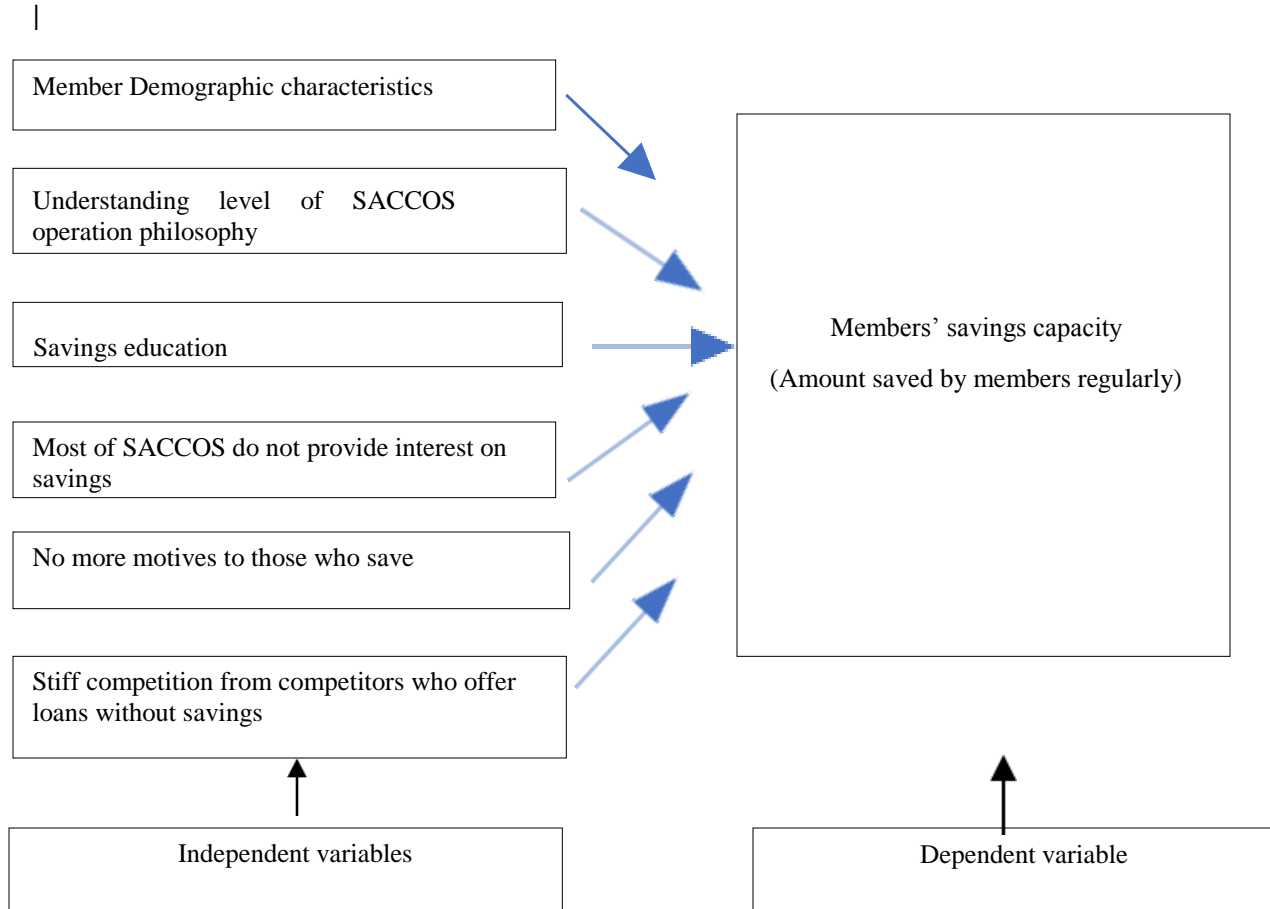


Figure 1. The Conceptual Framework

2. Materials and Methods

The study adopted a cross-sectional design with a descriptive survey through which data were collected at once to examine actual causes of low members' savings to SACCOS in Kwimba District Council. This is an inquiry and descriptive study approach that aims to reveal reasons behind low members' savings to SACCOS. The research design stands for the advance planning of the methods to be adopted for collecting the relevant data and to analyze cross-sectional data that were obtained through surveyed questionnaire.

The study was conducted at Kwimba District Council in Mwanza region, Tanzania whereby three SACCOS were selected from the district; Ngudu Vijana, Nyamiseko, and Tujijenge SACCOS. The study population included active members, board members and employees of the selected SACCOS. From each SACCOS twenty-five active members and five board members were randomly selected. Thirty respondents were selected from each SACCOS giving a total of ninety (90) respondents used in the study. District cooperative officer, managers and chairpersons of the selected SACCOS were considered as key informants to this study.

Simple random sampling was used to select respondents from three stratum of SACCOS with the assumption that each and every member from each strata has an equal chance to be included in the study sample. A methodological triangulation approach was adopted to collect data in this study. The constructed data collection tools were pretested on a target population constituting 10% of the targeted sample size to avoid irrelevant information and minimize errors. The reliability with the r value of 0.8 and 0.75 for individual members and board members were respectively established. A constructed questionnaire was used to collect data from active members and board members of the selected SACCOS. The constructed interview schedule was used to collect data from chairpersons and managers of the studied SACCOS as key informants. The appended set of a questionnaire contained both closed and open-ended

question was constructed and used as a tool to extract and retrieve data based on causes of low members' savings in the studied SACCOS. A checklist tool for key informant interview was also constructed and used to extract information on the study objective. Documentary review was also used as a supporting technique to collect secondary information and countercheck the collected data with the existing literature based on the study topic. All secondary sources; books and papers that were used to enrich this manuscript are listed in the reference list.

The collected quantitative data were analyzed descriptively by using Statistical Package for Social Science (SPSS) version 21. Descriptive statistics particularly frequencies and percentages were analyzed to present the output of the study objectives. Qualitative data were analyzed using thematic analysis as adopted and improved from Salleh et al. (2017). The process involved reading transcripts and interviews from key informants. Sorting of the coded information was done to get potential themes and sub-themes based on the study objectives. Furthermore, the identified themes were therefore linked with descriptive output to provide a meaningful study conclusion. Tables were used to present the output of the analyzed information. The study employed mixed methods to collect both quantitative and qualitative data. Further, the obtained findings were triangulated with the findings from other studies (Aunders et al., 2009).

3. Results and Discussion

3.1 Demographic Characteristics of Members

3.1.1 Gender of Members

Results in table 1 show the distribution of the members according to their gender. Out of 90 members involved in this study 55 (61.1%) were female of the total members and 35 people (38.9%) were male. The findings show women are more concern with family development issues compared to men and that's why they do participate effectively to SACCOS activities (Table 1). Furthermore, the study findings in table 2 indicate that regardless of women savings being little amount but they do deposit and save regularly to the SACCOS compared to men. The study found that women's participation from the studied SACCOS is relatively high compared to men. The findings are in line with a study by Singh and Malik (2020) who found that women are much conscious with family issues and household development at large compared to men.

3.1.2 Marital Status of the Members

Table 1 shows that 14 (15.6%) of members were single and 76 (84.4%) were married. This finding implies that most of SACCOS members are people with family commitments and other social obligations. They actively participate in SACCOS activities for supporting their families and meeting their daily obligations. While the ones who are single have low responsibilities hence few of them do join in the Savings and Credit Co-operative Societies compared to married ones. This is in contrast with Chen et al. (2020) who found a group with less family obligations to engage more into self-help groups compared to unmarried ones in southern part of China.

3.1.3 Age of the members

As regards with age distribution of members, results in table 1 show that majority (57.8%) of the members aged between 35 to 44 years followed by those aged between 25 to 34 years (31.1%). While members aged below 24 years were very few 3 (3.3%) indicating that young people do not join and do not participate actively in the micro finance institutions particularly SACCOS. Furthermore, the study findings indicate that members below 24 years depend much from their families and have less commitment therefore most of them do not participate actively in SACCOS activities. While those above 25 years have many family obligations and other commitment to meet daily needs hence this enforce them to join in SACCOS so as to access various financial services including loans. The study conducted by Chamboko et al. (2022) examined the relationship between age and default rates among borrowers in digital lending platforms in Zimbabwe. The study established a significant correlation between age, savings and default tendencies, with younger borrowers below 30 years showing a higher likelihood of low savings and higher default rate compared to their older counterparts of above 30 years (Chava et al., 2021).

3.1.4 Education levels of the Members

Findings in table 4 show that majority 40 (44%) of the members had attained education level of standard seven. This indicate that many of the SACCOS members fail to be more knowledgeable with cooperative education due to being less educated. Few of the members 31 (34%) had attained secondary education level while 16 (18%) attained college education and 3 (3%) had attained university education. A study conducted by Ng'ang'a et al. (2018) asserted that lower level of education of the participants reflect inactive participation to socio-economic development activities. The results in table four shows that majority of members have lower education therefore they are expected to be unaware and less knowledgeable with SACCOS operations that's why have low saving rate to the SACCOS. Also a study by Richard et al, (2020) in Sub African context revealed that members with low levels of education are more susceptible to low saving rate compared to their counterparts with higher educational level.

Table 1. Demographic Characteristics of Members

Gender	Frequency	Percentage (%)
Female	55	61.1
Male	35	38.9
Total	90	100.0
Marital Status		
Single	14	15.6
Married	76	84.4
Total	90	100
Age Group		
0-24	3	3.3
25-34	28	31.1
35-44	52	57.8
45-54	4	4.4
55-60	3	3.3
Total	90	100
Education Levels		
Standard VII	40	45
Secondary School	31	34
College	16	18
University	3	3
Total	90	100.0

Source: Field data, 2023

3.2 Members' Savings Capacity in Kwimba District

The rate of savings among SACCOS members is the key determinant for the SACCOS capacity to serve its members. In regard to this the study assessed savings capacity of SACCOS members in Kwimba District. Findings in Table 2 indicate that 42.2% of members deposited less than 5,000 TZS and 52.2% deposited between 5,000-9,999 TZS and only 5.6% deposit above 10,000 TZS per month. These results indicate that SACCOS members in Kwimba District do save low amount. Low member savings result in limited funds available for loans and this in turn, reduces the SACCOS's ability to support members with credit. During KII a secretary general of Tujijenge SACCOS reported that:

Low member savings capacity weakens the internal fund, decrease liquidity position of the SACCOS finally members may not be able to access financial services and products they rely on while other members may start questioning the viability and effectiveness of the cooperative hence risky of insolvency.

The findings are similar with a study by Kamau and Nyambura (2020) who revealed that financial instability of the SACCOS reduces financial inclusion to individuals who may not have access to traditional banking and constrain the ability to explore diverse investment opportunities hence hinder the cooperative's potential for growth and profitability. Low saving rate among SACCOS members is caused by a number of factors as described in the upcoming section of this manuscript.

Table 2. Amount of Savings Deposited to the SACCOS by members per Month

Amount Deposited (TZS)	Frequency	Percentage (%)
Below 5,000	38	42.2
5,000-9,999	47	52.2
10,000 +	05	5.6
Total	90	100.0

Source: Field data, 2022

3.3 Liquidity Position of the SACCOS in Kwimba District

As described in section 2.3 the key role of the SACCOS is to provide loans and other microfinance related services. In regard to this, members of the SACCOS in Kwimba District were asked specify the financial capability of their microfinance institution to serve their members. The findings in table 3 indicate that majority (78.9%) of respondents reported that their SACCOS has no sufficient financial position to serve them while few (21.1%) of the members said that their SACCOS have sufficient cash position. In regard to this finding weak financial position of the SACCOS to serve its clients is attributed by low level of members' savings. During key informant interview manager of Nyamiseko SACCOS said that:

In average most of members in this SACCOS do save less than 10,000TZS per month and the total savings in a month is about 3,000,000TZS while the total demand of loans is 7.5 million per month. The discrepancy for this loan demand cause some members who apply for loan in the respective month to miss, the situation that enforce management of the SACCOS to search for external source of fund.

Table 3. Whether the SACCOS is strong enough financially to serve it members

Response	Frequency	Percentage
Sufficient	19	21.1
Not sufficient	71	78.9
Total	90	100

Source: Field data 2022

3.4 Factors for the Low Members Savings in SACCOS

Respondents were asked to indicate the reasons for low members' savings to SACCOS in Kwimba District. The findings in table 4 indicate a number of factors that cause low SACCOS' members savings in Kwimba District, Mwanza region. Factors leading to low members' savings in SACCOS were based on multiple responses whereby the factors given were the result of being mentioned repeatedly by each interviewed respondent during the study.

3.4.1 Absence of paying interest on the saved members' savings and other deposits

Lack of paying interest to the saved members' savings and other deposits (22%) was the most dominating reason mentioned by the respondents. Most of the surveyed SACCOS were found not to pay any interest to members' savings the situation that demoralized members from depositing savings to SACCOS regularly. During key informant interview at Ngudu Vijana SACCOS the chairperson said that:

Most of SACCOS members do save little amount and others do not save at all due to not being paid any interest on their saved money to the SACCOS. I do wonder why SACCOS do not pay interest to the deposited money by members while money taken from SACCOS as loan has to be paid interest by members.

A study conducted by Richard et al, (2022) on the SACCOS profitability and financial sustainability highlighted that "it's important to note that the decision not to pay interest on member savings can vary among different SACCOS. The specific reasons for this decision may depend on the unique circumstances and priorities of each individual SACCOS".

3.4.2 Few sources of income among SACCOS' members

Few sources of income (19.1%) was found to be among the factors causing low members' savings in SACCOS in Kwimba District. Most of members in the studied SACCOS were found to have and to practice a single economic activity that is used as a source of income for personal and family obligations. Most of members replied to practice crop farming only as the main economic activity that is also used as the source of income to all needs. Manager of Nyamiseko SACCOS reported that:

How can a SACCOS' member who depends on cultivating/farming only one hectare of cotton manage to meet all family obligations that need money including saving much and regularly to his SACCOS.

Study findings also indicate that members in rural areas may face geographical constraints that limit their access to diverse economic activities, making it more likely for them to depend on a single source of income. A research conducted by Ogebe et al., (2020) revealed that families that depend on single source of income eventually will have weak financial capability the situation that cause low savings and low or no investment hence poor. The study concluded by arguing that "household heads need to diversify their sources of income in order to meet most the family needs and provide all basic services and products needed by the family members".

3.4.3 Untruthful with SACCOS as strong microfinance institution

Most of members (16.2%) mentioned lack of faith of being trustful with SACCOS due to fear of losing their money when depositing to SACCOS. Findings based on members indicate that SACCOS is not a safe place for members to keep money that's why most of members have low savings capacity in Kwimba District. Members do not believe if it is possible for them to get all their savings saved to the SACCOS when requested at any time in future. This is associated with long history of having untruthful SACCOS' leaders and employees as they used to embezzle members' funds (Kareem et al., 2022). Also during KII, one of the SACCOS members at Tujijenge reported that:

Most of community members including SACCOS members do not trust and do not believe if SACCOS is a strong micro financial institution that could operate financial services effectively. He added by saying that.....SACCOS is not a safe place to keep all their money as leaders and employees are pilfers who embezzle deposited money of their members. It has become a habit for SACCOS' members' accessing loans from SACCOS and go to deposit the landed money to the commercial banks.

The study findings concur with the study conducted by Auka and Mwangi (2020) who found that members may lack sufficient financial literacy to understand the safety measures implemented by SACCOS, leading to concerns about the security of their savings. SACCOS with weak governance structures and inadequate management practices may be more susceptible to fraud or mismanagement, raising doubts about the safety of member savings.

3.4.4 Unawareness on the philosophy of SACCOS operation

SACCOS' members in Kwimba District were found to save little and unregularly to their SACCOS due to being unaware on the philosophy of SACCOS operations (11.0%). It was found that members do not understand that the functionality of a SACCOS as micro finance organizations profoundly depend on members' savings and other deposits. SACCOS' members need to be trained on the performance and functionality of the SACCOS. During KII the secretary of Tujijenge SACCOS reported that:

Some members do request a loan from the SACCOS regardless of not having any savings or deposits and this is caused by ignorance on the way the SACCOS operates. He added by saying that....a member cannot get a loan without having any savings. And based on SACCOS regulation of 2014 a member is eligible to get a maximum loan of three times to his savings deposited in the respective SACCOS.

A study by Ashby et al. (2011) concluded that SACCOS members do save low amount of money to their micro finance organisations due to being unaware on its operations. In additional members were found to be not aware of the SACCOS operating regulation (policies, rules, by-laws) particularly loan and savings policies. Ignorance on the SACCOS' rules and regulations deny members to know their responsibilities and rights.

3.4.5 Lack of enough savings education

The study findings indicate that SACCOS' members in Kwimba District have low saving capacity due to lack of saving education (10.1%). Members were found to be unaware on the saving practices and the benefits of saving to the SACCOS. Kim et al. (2020) asserted that limited financial literacy programs to educate members on effective savings practices have made most of members to be unaware on the saving practices. Lack of saving education among SACCOS' members has been proved to affect saving capacity and investment behavior, debt management and borrowing practices. Inline to this finding one of the respondents at Nyamiseko SACCOS during KII responded that:

How do you expect somebody who had never been taught on how to save; strategies to be used and the benefits that he/she can accrue from saving to SACCOS? Some of us we do not know how to plan future investments and how to attain the targets through regular saving.

Also a research on financial education to small group of primary teachers in Central of Kenya found that provision of financial education had increased the saving and loan repayment behaviors among small groups of primary teachers (Wagner and Walstad, 2016).

3.4.6. Stiff competition from competitors that offer loans without savings

The study findings discovered that SACCOS in Kwimba District do face stiff competition from other micro financial institutions that offer similar related activities. Other micro financial institutions providing similar or related services employ different approaches compared to SACCOS. These institutions they do offer loans and other financial services by capitalizing on the weaknesses of the SACCOS. For example the philosophy of the SACCOS to require an individual member to first deposit a certain amount of saving and stay a period of three months before accessing loan and other financial services is now becoming an old practice. This regulation has made prospect SACCOS members to join into other type of micro finance institutions that do offer financial services at soft conditions. It was found that other micro financial institutions do offer loans and other financial services to any individual without having any savings or deposits provided that he/she is capable to repay the loan (Attanasio et al., 2017). When elaborating based on SACCOS competitors in Kwimba District, the chairperson of Ngudu Vijana SACCOS said that:

SACCOS has a number of competitors that include commercial banks and other microfinance institutions. These institutions do take advantage of the weak areas of SACCOS operations and turned them into opportunities. For example, SACCOS has a grace period of three months for a new member to stay before accessing any service and this has become among the killer areas that have reduced saving capacity of SACCOS members.

The above findings align with the by Chen et al. (2020) who observed that stiff competition among micro financial organisations has resulted to the availability and accessibility of cheap financial services at short time. And this has reduced stringent conditions on the availability of financial services.

Table 4. Factors leading to low members' savings in SACCOS

Causing Factors	Responses	Percentage (%)
Few sources of income	65	19.1
Unawareness on the philosophy of SACCOS operation	42	11.0
Lack of enough savings education	38	10.1
Most of SACCOS do not provide interest to members' savings	80	22.0
No more motives to those who save	15	4.2
Multiple loans among members	25	7.3
Stiff competition from their competitors who offer loans without savings	35	9.9
Lack of faith with SACCOS and fear of losing their money when deposit to SACCOS	55	16.2
Total	355*	100.0

Source: Field data, 2022 * Multiple responses: 90 SACCOS members gave 355 responses

4. Conclusion and Recommendation

In regard to the above study findings it is concluded that low member savings capacity among SACCOS members in Kwimba District is sorely caused with; demographic characteristics of individual SACCOS member, SACCOS as an organization and other external factors that includes other competitors, failure of the SACCOS to repay interest to the saved savings/deposits and few sources of income among SACCOS members. Furthermore, it is concluded that the identified hindrances that are leading to low member savings do affect the performance and functionality of the SACCOS in Kwimba District. Based on the conclusions drawn above the study recommends that; in order to improve member savings capacity and the entire functionability of the SACCOS it is advised that; the SACCOS management in collaboration with other microfinance stakeholders should work together to establish strategies for combating the identified hindrances of low member savings hence improve SCCOS' liquidity in Kwimba District. This study was confined only to Kwimba District Council as a rural area in Mwanza region, hence it is suggested that similar studies to be conducted and scaled up to other rural areas with similar situation for theory and policy recommendations. Also future researchers are advised to conduct the similar study to SACCOS that are allocated in urban areas. Furthermore, it should be noted that this study was conferred to community SACCOS only hence it is suggested that a related study to be conducted to employees SACCOS.

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