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Regulatory Framework and Performance of Saving and Credit Co-Operatives in Rwanda:A Survey of Selected Saving and Credit Co-Operatives in Gasabo District

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Abstract

A regulatory framework is regulation, law, rule or other orders prescribed by authority, especially to regulate the conduct of SACCO in Rwanda. Hence, the study sought to examine the impact of the regulatory framework on the performance of SACCOs in Rwanda with specific reference to the Survey of selected SACCOs in the Gasabo District. The research used a descriptive research design. The study targeted 110 drawn from two categories SACCO staff /employees and SACCO members. The study used both primary data and secondary data. The primary data was collected using structured questionnaires both open and closed. The data was analyzed using a qualitative and quantitative method using MS excel SPSS. Research findings showed there is a very high correlation ($r=0.943$) between internal control and performance. In addition, the study findings indicated a very high correlation ($r=0.823$) between saving mobilization and the performance of Sacco. It was revealed there is a very high correlation ($r=0.749$) between credit risk management and the performance of Sacco. The study reported the correlations between liquidity requirements and performance of SACCO is very high ($r=0.923$). Moreover, the results established that the regulatory framework is satisfactory in determining the performance. The adjusted R square was found to be 0.887. This implied that the regulatory framework could explain 88.7% of the variations in the performance. All four variables of the regulatory framework: Internal control, saving mobilization, credit risk management and liquidity requirement, were positively correlated to the performance. Furthermore, regression indicates that any change (increase) would have a significant change in the performance of Selected SACCO in the GASABO District. The recommendation is that the RCA and other policymakers of saving and credit cooperatives in Rwanda should clear that internal control, saving mobilization, credit risk management and liquidity requirement, and performance of selected Saccos in Gasabo District, Rwanda. There should be structuralization of permanent internal audit control and verification for all income and expenses of SACCOs and should set the boundaries for some members who ask for loans to limit payment loans.

Keywords: *Internal control, Saving mobilization, Credit risk management, Liquidity requirement, Performance*

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1.0 Introduction

According to National Policy on Cooperatives in Rwanda August, 2018; in Rwanda cooperatives are common like in other East African countries. By tradition, our country has its own form of doing business and saving their income. Including those tradition forms that was been used in Rwanda during colonial period are Ubudehe, Umubyizi and Umuganda. The history shows that the first formal cooperative development was in 1949 during the colonial regime which operated until 12th October 1988 (RCA, 2018). In addition to the above, the cooperative after the independence in 1962s, continue to develop and take another image compare to the colonial regime. In Rwanda microfinance sector has developed and in 1975 the first bank inaugurated as Bank Populaire in Nkamba.

The development of microfinance in Rwanda continued flourishing till 1994, where members serving their money increased and other bank created. However, in 1994 before the genocide against Tutsi war, Banques Populaire which was the first Banques on top in Rwanda their resources was stolen and many branches closed their doors. The cooperatives in Rwanda has changed the setting after the national meeting held in December 2008 where they decided to have in each rural area a financial system called Umurenge SACCO. In Rwanda now the cooperative are governed by RCA which mandate for cooperative development sector (MINICOFIN, 2012)

Fischer and Cuevas (2016) observe that regulations of credit unions in India adopted a mixture of business alliance system that enabled the cooperative owned businesses and their business grow to big empire of companies and own vast properties around and outside India. While Brown and Buckley, (2014) note that United States has resisted the trend of consolidating their financial regulatory agencies into either a single integrated agency or into two semi-integrated agencies, due to concern that the costs of such consolidation would exceed its benefits. Similarly, Barth, Phumiwasana and Lu (2018) observe how the bank have regulated their financial institution where in the United State credit unions were regulated by non-banking financial institution laws SEC (securities and exchange) Act. They further observed that US credit union had a system consists of complex rules that guide the operations of credit unions in the country. In 1929 was introduced a system on which the aftermath of great depression meant to improve the public confidence on financial institution; it has been in force to date.

1.1 Research Objectives

- i. To examine the influence of internal control on performance of selected SACCOs in Gasabo District, Rwanda.
- ii. To assess the inspiration of saving mobilization on presentation of SACCOs in selected SACCOs in Gasabo District, Rwanda.
- iii. To estimate the effect of credit risk management on illustration of SACCOs in selected SACCOs in Gasabo District, Rwanda.
- iv. To found the influence of liquidity requirement on illustration of selected SACCOs in Gasabo District, Rwanda.

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2.0 Literature Review

2.1 Empirical Review

Internal control (IC) is defined as an arrangement that integrates strategies, views, attitudes, undertakings and determinations of individuals of a business jointly to assist the firm realizes purpose and missions. IC is an arrangement developed by executives to assure the working efficiency of a firm; the formation of the protection system, rational use of the resources; requirements and precision of accounting information (Lakis & Girinjas 2012). Krishnan (2015) illustrates that IC as an agreed company components, containing: resources, arrangement, procedure, beliefs, configuration and assignments that aid employees realize company goals. Shim (2011) acknowledged IC as a share of the company's power system. It is an internal control system to accomplish business goals, comprising ways and techniques to safeguard resources; inspect the justification when carrying out work. "More for banking operations," including relevant laws and regulations. In September 1998, the Basel Commission announced the Internal Control System Framework for Banking Organizations to increase control by guiding and encouraging the risk management practices that hold the article. The IC in that document was considered for universal SACCOs.

Kavulya(2018) argues that several African nations' regimes ignored individual savings in nineteen sixty. With the coming of the vicious circle theory, assistance projects were carefully weighed as the one instrument for struggling with the stagnation of economic growth of nations for more than three eras, while they bring together savings was then overlooked in development finance perspective (Buschhorn & Vogel, 2014). The consciousness that poor individuals are prospective savers, ensuing from the research of SACCO activities, is loaning to a novel perspective on economic growth issues. The bringing together of home savings for financial growth is the ensuing epoch's encounters in support of African countries. Saving mobilization has only recognized as a significant force in microfinance in early 2010. It is generally accepted that savings possess great potential in stabilizing consumption and accumulating money for big-cap spending. Furthermore, recent studies also prove savings to be more effective than credit or any other financial product beneficial for poor households (Mumanyi, 2014).

Credit risk management is real when SACCO has procedures to achieve their activities susceptible to generating risks to lessen the adverse influence on its pay and money. Risk administration is very vital for the venerable sustainability of SACCO. There is a hasty growing, the services for a large amount of clientele are dispersed on a large physical area and contribute a wider variety of goods and services, having the loaning development and existence market-driven, needs to the SACCO to performance in order elude unanticipated losses. It is also stated that the assessment is also inspiring since of dual purposes, common and performance. Credit peril requires the availability of guidelines and methods to organize, assess, and show to justify or drop the adverse influence that they can have on the corporation (Kariuki, 2017). According to Diamond and Dybvig (2013), liquidity requirement is a model where the SACCOs might embrace a current asset, some savers perceive unsecured as bad debt that could result in them running away. All savers have inadequate data on the SACCO's capacity to struggle in operation. The inadequate data show

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that the SACCOs aren't by design motivated to have adequate current assets to work with continuously.

Guidelines related to the liquidity analysis ratio and the net constant cash ratio can alter the SACCO's motivation so that movements are less probable. Liquidity emphasizes rule as the gain side of the SACCO statement of financial position, and in which the liquidity takings the method of a thin money reserve obligation. The portion of liquidity must be considered in a different nuanced way, not just as an assurance strategy to contract using liquidity risk that can increase monetary crisis, however a wise regulatory tool to make predicaments less likely. When one decreases the prospects of the Black-Scholes-Merton plan, though, the belongings of money and share on evasion risk are not similar. For instance, liquidation costs make liquidity risk, which might stimulate the craft of records of the liquid asset (Jarrow, 2011). Liquidity is essential altogether monetary establishments like banks, microfinance establishments (MFIs) and SACCOs to satisfy client withdrawals, complete record fluctuations, and supply funds for growth. Funds management involves estimating liquidity needs and meeting those desires during a cost-efficient means.

Adequate funds management needs monetary establishments to estimate and arrange for liquidity demands over varied periods and to contemplate how funding needs might evolve below various scenarios, as well as adverse conditions. Monetary establishments should maintain enough money, quick assets, and prospective borrowing lines to satisfy expected and contingent liquidity demands (Campello, Giambona, Graham & William Harvey, 2011). Nonetheless, there are no studies on the influence of the regulatory framework on the performance of SACCO in Rwanda. For instance, Mugisha (2016) surveyed SACCOs and financial inclusion in Rwanda: a case study of Murundi SACCO in Kayonza district and Theogene and Mulyungi(2016) examined the influence of Umurenge Sacco's services on the growth of family business in Rwanda - A Case Study of Umurenge Sacco Kimironko. Ngaira (2011) studied the factors ranging from membership, efficiency, demand and loan recoveries, attributing them to SASRA regulatory framework, Kilonzi (2012) looked at the impact of capital regulation and SACCO's profitability and management efficiency on SACCO's financial performance in SACCOs.

2.2 Theoretical framework

2.2.1 Agency Theory

The agency theory of a worker described as extra of a self-regarding, idiosyncratic as well as is constrained reasonableness wherever recomande (Jensen Michael C., and Wlliam Meckling, 2016). The Agency Theory endorses s that workers should establish a decent admi penses as well as reprimands appear to take precedence nistration structure since they are considered responsible in their assignments and duties. An informative force of office hypothesis is decreased if and when the chief chooses to strip to another business. A specialist should be inspired and checked to make abundance, depicting the specialist as possibly deceitful (Abdullah & Valentine,2009) Operation hypothesis clarifies the connection between the chiefs, like as individuals and specialists.

In this hypothesis, individuals who are the proprietors or administrators of the SACCO, recruits by choosing the administration board as their representative, (Mitnick, 2006). Administrator

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(individuals) gives responsibilities the operating of commercial activities to the administration panel thus recruits as well as agent power to leaders, (Clarke, 2004). In organization postulate, specialist may surrender personal responsibility, adaptable activities as well as short falls of the pact pertaining understanding amongst interest of chief as well as the representative's quests. Even though circumstance with difficulties, organization model was presented fundamentally by way of a departure from of tenure as well as directing, (Bhimani, 2008). Doubtfully, office hypothesis can be utilized to discover the link among the possession as well as organization arrangement.

2.2.2 Liquidity Preference Theory

Liquidity Preference Theory was developed by Keynes during the early 1930's, he added that, the hypothesis clarify the degree of loan fee through respect to the collaboration of two significant elements: the stockpile of cash and want of their beneficiaries to grasp their funds investment in terms of real cash or close to money. Keynes characterizes this hypothesis as the awards of not accumulating yet the compensations for leaving behind the predetermined period on the liquidity.

Hypothesis, hence described financial hypothesis of interest as unmistakable from the genuine hypothesis of the old style way of thinking. (Keynes, 1936), further sets that, the assurance of loan costs will be found in the currency market and there are fundamentally the provisions of cash exogenously decided, while the interest for cash relies upon the accompanying three intentions. (Keynes, 1936), focused on that, cash is held to fund consumptions, including the two exchanges and of the degree of pay. Notwithstanding, he accepted that cash is held for reason other than as a vehicle of trade. As per (Koutsoyiannis, 2003), theoretical equilibriums rely upon the expected heading and greatness of forthcoming changes in market financing costs. (Nzotta, 2014), thought that, if people accept that market financing costs are probably going to increment later on, they have an impetus to hold their abundance as fluid resources to stay away from the capital loses of long-term resources that would go with the normal expansion in loan fees.

2.2.3 Stewardship Theory

Stewardship theory perceives the impact of administration structures that enable the steward and offers most extreme self-sufficiency based on trust (Donaldson and Davis, 1991). Stewardship theory weights on the situation of representative to act all the more self-sufficiently with the goal that the investors' returns are expanded. Surely, this can limit the expenses pointed toward observing and controlling worker conduct. Stewardship hypothesis has an incredible connection to liquidity and consistence the executives of SACCOs in that supervisors should be stick to the laws, guidelines and rules to stay in activity and guarantee expanded monetary 15 executions (Donaldson, and Davis, 2011).

Likewise they need to guarantee the degree of delinquent credits is limited as stewards of the association. Consequently, specialists who are the proprietors should evaluate the sort of supervisor they utilize and set up proper administration structures in order to expand the administration viability and drive the authoritative exhibition. In this unique situation, SACCOs that utilize steward supervisors can use the directors by setting up firm systems and authoritative constructions that help the chief's exercises to address the issues of the association and result in expanded execution (Lawrence and Lorsch, 2017)

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2.4 Conceptual Framework

According Mugenda and mugenda (2003), Conceptual framework is a guess fork distinctive the example under ponder and the relationship between the subordinate and uncovered variables. The goal of a conceptive framework is to class and describe concepts germane to the muse and sketch relationships among them. Such a framework would prevent researchers decide the notion, delineate the exploration territory or concipient length, methodize relations among concepts, and ID breach in science (Kombo, & Tromp,, 2009). In this ponder, the hooked inconstant is on accomplishment of SACCOs in Rwanda and unconstrained floating is sway of regulatory plan employment.

Independent variable

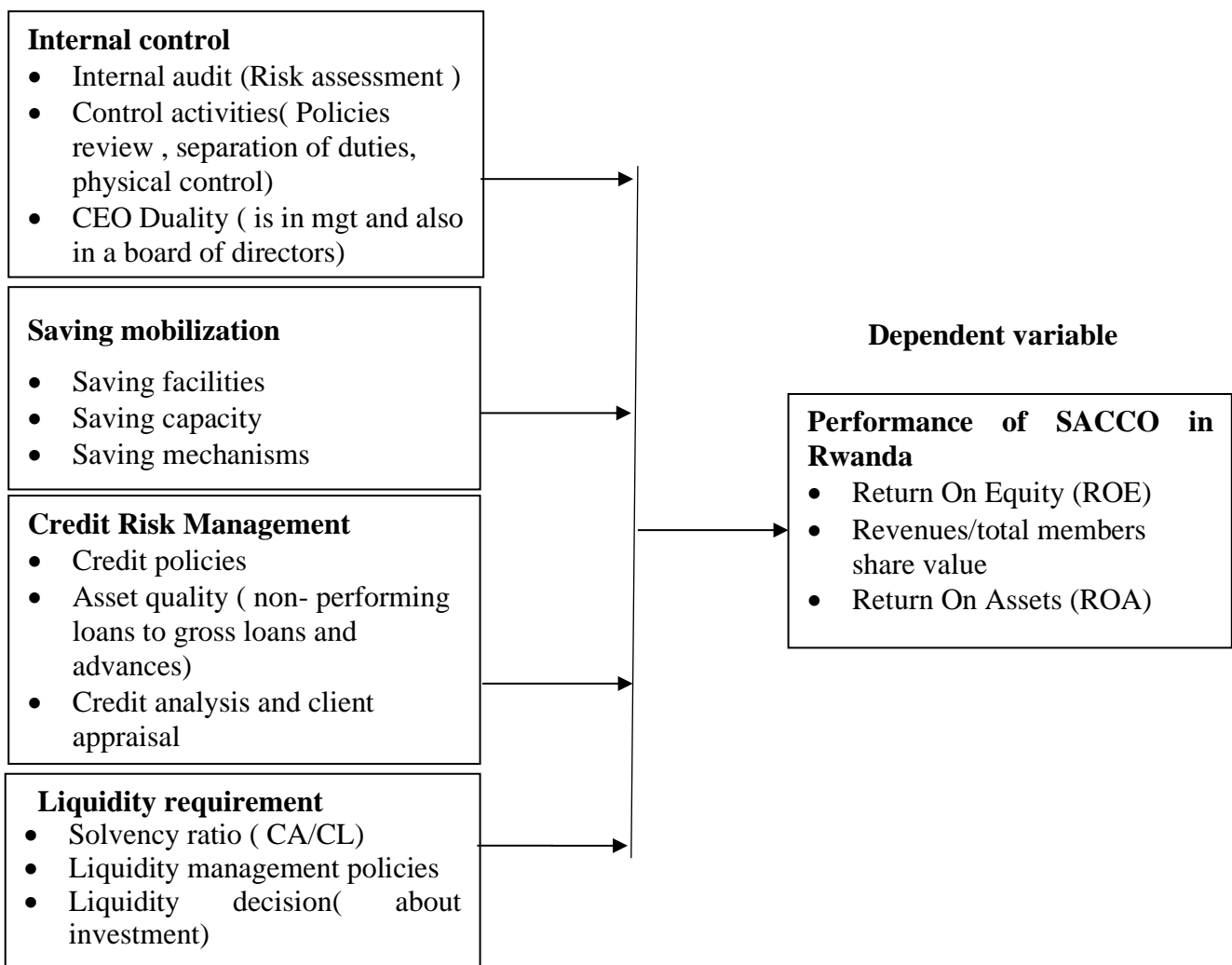


Figure 1: Conceptual Framework

3.0 Research Methodology

This research used descriptive research design. The study targeted 110 drawn from two categories SACCO staff /employees and SACCOs members from two SACCOs in Kinyinya and Bumbogo Sector in Gasabo district which include 8 staff members; Population from non-staff members (SACCOs's members) who made a total of 110 people or units of study: 50 from Kinyinya and 60 from Bumbogo SACCOs. The study used both primary data and secondary data. The primary data was collected using structured questionnaires both open and closed. The data was analyzed using qualitative and quantitative method using MS excel SPSS version 20.0 was used to analyze data and conclusions was made and recommendations was drawn for the purpose of the research. The data was presented using tables.

4.0 Research Findings and Discussions

4.1 Demographic Characteristics of the Respondents

Demographics are characteristics of a population. Socio-demographic data provides information regarding research participants and is necessary to determine whether the individuals in a particular study are a representative sample of the target population for generalization purposes. Table 1 presents the response rate

Table 1: Response Rate

Number of questionnaires returned	Targeted number of respondents	Response Rate(%)
89	110	80.9%

Source: Primary data, (2022)

The response rate (80.9%) for the returned questionnaires presented in Table 1 above ensued from the way of management of the tool and this was self-administered case. The method used ensured that the results I got from the respondents are clear with clarity point of data collection. There are also some unusable questionnaires I found, but their results were not including in the findings. The results from the respondents were within the acceptable limits prescribed according to Mugenda and Mugenda(2003).

Gender of respondents

Research findings regarding the gender of respondents differ from one person to another. The information regarding the gender from each staff of Rwanda Securities Exchange, brokers and staff of the Capital Markets Authority of Rwanda in is presented in Table 2 page below.

Table 1: Gender of respondents

		Frequency	Percent
Valid	Male	46	51.7
	female	43	48.3
	Total	89	100.0

Source: Primary data, (2022)

The Table 2 indicates the gender of respondents where the big number of respondents 46 represents 51.7% of respondents are male while 43 represents 48.3% of respondents are female. This shows that the women and male participate in Savings and Credits Cooperatives. Regarding to this table number above female are still behind in working with Sacco comparable to other working sectors.

Position of respondents

Table 3 summarises the position of the respondents

Table 2: Position of respondents

		Frequency	Percent
Valid	Manager	50	56.2
	Loan officer	26	29.2
	Cashier	11	12.4
	Other staff	2	2.2
	Total	89	100.0

Source: Primary data, (2022)

Table 3 indicates that 50 represents, 56.2% of respondents are managers, the 26 represents 29.2% are Loan officer. The study shows that 11 represents 12.4% are working as Cashier and the Sacco has also 2 other staff which represent 2.2%. This represents that many of the respondents have shown that Manager of Sacco and Loan officer are the position working in their Saccos.

Educational level

The respondents’ educational level was examined so that its effect on the study may be established. People of low literacy level may find it difficult to interpret the questionnaire or asked questions correctly and this can affect the findings. The education of respondents was seen as important aspect of assessing the extent to which the assessed respondents contribution of stock exchange market

capitalization and financial performance of firms in Rwanda stock exchange. Table 4 shows the results of the findings

Table 4: Educational level of perpetrators

	Frequency	Percent
Valid primary level	52	58.4
Secondary	28	31.5
Bachelor	7	7.9
Masters and Professional certificate	2	2.2
Total	89	100.0

Source: Primary data, (2022)

Table 4 shows the educational level of all respondents asked in both selected Saccos, the findings indicates that 52 (58.4%) have primary level of education, then 28(31.8%) have secondary level of education, 7(8%) of respondents have Bachelor’s degree and 2(2.2%) have Master’s Degree. This represents that many of the respondents have a primary level of education.

Working experience

Research findings regarding the time staying or working experience at of Rwanda Securities Exchange, brokers and staff of the Capital Markets Authority of Rwanda industry of respondents differ from one person to another. The information collected at staff of Rwanda Securities Exchange, brokers and staff of the Capital Markets Authority of Rwanda is presented in table 5 below

Table 5: Working experience of respondents

	Frequency	Percent
Valid Less than 2 years	27	30.3
2-5 years	48	53.9
5-8 years	12	13.5
Above 8 years old	2	2.2
Total	89	100.0

Source: Primary data, 2022

Table 5 shows that the majority of respondents 48(54%) have been operating in selected Saccos between 2-5 years, and also 27(30.3%) of respondents have been clients less than 2 years, then 12(13.4%) of respondents have been operating in selected Saccos between 5-8 years and 2(2.3%) have been there more than 8 years. The findings shows that the respondents of those Saccos are working with it for long time.

Number of Members

The summary of the number of members of Saccos is illustrated in Table 6

Table 3: Number of Members of Saccos

	Frequency	Percent
Valid Less than 2000 members	9	10.1
2000-5000 members	13	14.6
5000-8000 members	22	24.7
8000-10000 members and above	45	50.6
Total	89	100.0

Source: Primary data, (2022)

The results from the Table 6 indicate that the bother Saccos have the member above 45 represents (50%) of the Saccos had the population from 8000 to 10,000 members and above, the 22 represents 25% of respondents answered their Sacco have members between 5,000 to 8,000 thousand members. And also 13 represents 15 % of respondents who said that their Sacco has members between 2,000 to 5,000 members and 9 represents 10% of respondents who are known that their Sacco has members are less than 2,000 thousand members. The study shows that the majority of population in selected Saccos are members of Saccos at high level.

4.2 Presentation of findings

This division present the findings from the study supported on the objectives of the contemplation. In this section, the presentation of research findings was based on research objectives such as to assess the impact of regulatory frame work on illustration of SACCO in Rwanda with specific reference to Survey of selected SACCOs in Gasabo District. The results of findings were presented in the form of a table and brief narrative to interpret the different findings. All conclusions were given according to the research objectives. The results are shown in tables.

4.2.1 To examine the influence of internal control on performance of selected SACCOs in Gasabo District, Rwanda.

The first objective of the study was to examine the influence of internal control on performance of selected SACCOs in Gasabo District, Rwanda. With this objective, researcher intended to examine the influence of internal control on performance of selected Saccos in Gasabo District. The information collected are presented according to the degree of agreement and disagreement with the statement provided using the given level where: 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. Table 7 presents the study findings on the impact of internal control on presentation of SACCO in Gasabo District

Table 7: Impact of internal control on presentation of SACCO in Gasabo District

Statements	N	SA	A	N	D	SD	Mean	Std. Dev
Policies governing the operational of the SACCO	89	68.6	31.4	0.0	0.0	0.0	4.6854	.46699
Review of SACCO system is done regularly	89	36	43.8	20.2	0.0	0.0	4.1573	.73699
Physical monitoring of SACCO assets are done regularly	89	22.5	77.5	0.0	0.0	0.0	4.2247	.41976
SACCO duties are well separated per roles	89	54	46	0.0	0.0	0.0	4.5393	.50128
SACCO carry out risk based audit regularly	89	31.5	25.9	35.9	6.7	0.0	3.8202	.96013
SACCO carry out risk identification regularly in order to update risk register	89	24.8	32.6	37	5.6	0.0	3.7640	.89217
CEO participate in both management and the board meetings	89	23.6	76.4	0.0	0.0	0.0	4.2360	.42700
Internal audit department of our SACCO has put in place a clear procedures	89	26.9	73.1	0.0	0.0	0.0	4.2697	.44630
The SACCO internal audit objectives are effectively achieved in each section	89	33.7	66.3	0.0	0.0	0.0	4.3371	.47539
CEO provide a clear recommendation to our internal auditor in order to achieve our goals	89	11.3	88.7	0.0	0.0	0.0	4.1124	.31760
There is increased participation of members in governance of their SACCO	89	28.1	71.9	0.0	0.0	0.0	4.2809	.45198
Overall mean							4.22064	

Source: Primary data 2022

Table 7 shows that all statements indicates the internal control of Sacco and their performance. Generally, the respondents trusted their system of internal control for their Sacco. The research findings showed that 68.8% of respondents vehemently harmonize that there policies prevalent the in working order (predicate) of the Sacco and 31.4% agreed about their Sacco’s policies, the respondents didn’t strongly disagree and disagree of their policies governing the operational of the Sacco. The conclusion is that majority of surveyed respondents have confirmed. 43.8% agree and

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36% strongly agree that their Sacco system review done regularly and 20.2% respondents are not sure if their Sacco review their system regularly. 0% of respondents strongly disagree and disagree about it. 77.5% agree and 22.5% strongly agree of respondents affirmed that physical monitoring of Sacco assets are done regularly. 0% strongly disagree and disagree about it. 46% agree and 54% strongly agree that their Sacco duties are well separated per roles. 0% strongly disagree and disagree about it. 25.9% agree and 31.5 strongly agree that their Sacco carried out risk based audit regularly. 35.9 % they are not sure about how their Sacco carried out risk based audit regularly and 6.7% disagree about it, where 0% strongly disagree about it.

Further, 32.6% agree and 24.8% strongly agreed with their Sacco how they carry out risk identification regularly in order to update risk register. 37 % of respondents are not sure where 5.6% disagree and 0% strongly disagree with their Sacco how they carry out risk identification regularly in order to update risk register. 76.4% agree and 23.6% strongly agreed that their Sacco CEO participate in both management and the board meetings. 0% of respondents are not sure and 0% are strongly disagree and disagree about it. 73.1% and 26.9% agree and strongly agree that the internal audit department of their Sacco has put in place a clear procedures. 0% are not sure, 0% are disagree and strongly disagree about it. 66.3 % and 33.7 % agree and strongly agree that their Sacco internal audit objectives are effectively achieved in each section and 0% neutral, disagree and strongly disagree about it. 88.7% and 11.3% agree and strongly agree that CEO provide a clear recommendation to their internal auditor in order to achieve their goals. 0% neutral, disagree and strongly disagree about their Sacco CEO who provide a clear recommendation to their internal auditor in order to achieve their goals. 71.9% and 28.1 % agree and strongly agree that there is increased participation of members in governance of their Sacco. 0% neutral, disagree and strongly disagree about their Sacco on the increase of participation of members in governance. The above findings were also confirmed by the interview of the manager, cashier, and loan officer where they agree that internal control in Saccos has improved on high level. The clients also agreed and strongly agreed on the statements. The study results in Table 8 presents the correlations between internal control and performance of saccos

Table 8: Correlations between Internal control and performance of saccos

		Internal control	performance of saccos
Internal control	Pearson Correlation	1.000	.943**
	Sig. (2-tailed)		.000
	N	89	89
performance of SACCOS	Pearson Correlation	.943**	1.000
	Sig. (2-tailed)	.000	
	N	89	89

****. Correlation is significant at the 0.01 level (2-tailed).**

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Table 8 shows a very high correlation ($r=0.943$) between internal control and performance, the relationship was significant based on Pearson correlation ($r=0.943$.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. This priority to substantiate that there is a consideration lover relation between inherent obstruction and deed.

4.2.2 To assess the inspiration of saving mobilization on presentation of SACCOs in selected SACCOs in Gasabo District, Rwanda.

The study sought to assess the inspiration of saving mobilization on presentation of SACCOs in selected SACCOs in Gasabo District, Rwanda. With this objective, researcher intended to assess extent to which saving mobilization on performance of selected Saccos in Gasabo. The information collected are presented according to the degree of agreement and disagreement with likert-type scale was used to rate their responses on a five point scale ranging from 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree in the table below. Table 9 depicts the study results on the influence of saving mobilization on performance of SACCO in Gasabo District

Table 9: Influence of saving mobilization on performance of SACCO in Gasabo District

Statements	N	SA	A	N	D	SD	Mean	Std. Deviation
SACCO has capacity to mobilize savings from their membership	89	87.7	12.3	0.0	0.0	0.0	4.8764	.33098
SACCO has improved accountability system through increased trust and commitment in their SACCO	89	41.6	58.4	0.0	0.0	0.0	4.4157	.49564
SACCO educate people on importance of saving and how to borrow	89	61.8	38.2	0.0	0.0	0.0	4.6180	.48863
Saving Mobilization make SACCO enhances accessibility to loan	89	67.4	32.6	0.0	0.0	0.0	4.6742	.47134
SACCO staff are trained on saving mobilization in order to help them encourage members to save more in their daily execution of their activities	89	52.8	47.2	0.0	0.0	0.0	4.5281	.50204
SACCO has different saving products/ facilities tailor made to the needs of their members	89	78.7	21.3	0.0	0.0	0.0	4.7865	.41209
SACCO adapt dynamic and aggressive police to encourage savings	89	51.7	48.3	0.0	0.0	0.0	4.5506	.50026
Overall mean							4.63564	

Primary data, (2022)

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Table 9 shows that all statements indicates the saving mobilization of Sacco and their performance. Normally, the respondents agreed with the ways their Saccos mobilize the population on saving their money in their sector Sacco. This means that 69.7% of respondents strongly agreed with their Credit analysis and procedure are followed by the SACCO in extending credit and 30.3% agreed about their Sacco's policies on credit analysis and procedure. Not respondents didn't strongly disagree and disagree of the Sacco system on credit analysis and procedure are followed by the SACCO in extending credit. 52.8% agree and 47.2% strongly agree that their SACCO has a policy that provide loan service that fit to the preference of the borrowers and 0% respondents are not sure that their SACCO has a policy that provide loan service that fit to the preference of the borrowers. 0% of respondents strongly disagree and disagree about it. 59.6% agree and 34.8% strongly agree of respondents that their SACCO loan recovery enforcement mechanism is effective.

5.6% of respondents are not sure about their SACCO loan recovery enforcement mechanism is effective, 0% strongly disagree and disagree about it. 46% agree and 54% strongly agree that their Sacco duties are well separated per roles. 0% strongly disagree and disagree about it. 57.2% agree and 24.7% strongly agree that client's dissatisfaction in loan processing procedure. 9.7% % they are not sure about the loan processing procedure and 10.1% disagree about it, where 0% strongly disagree about it. 60.7% agree and 39.3% strongly agreed that their SACCO has improved its loan default through Loan rescheduling. 0 % of respondents are not sure where 0% disagree and 0% strongly disagree with their SACCO on how they has improved its loan default through Loan rescheduling .69.7% agree and 21.4% strongly agreed that their SACCO has loan recovery measures to enforce loan repayment. 8.9% of respondents are not sure about how their SACCO has loan recovery measures to enforce loan repayment and 0% are strongly disagree and disagree about it. 50.6% and 32.5% agree and strongly agree that their SACCO guarantee loan enforcement mechanism are most effective and convenience. 13.5% are not sure, 3.4% are disagree and 0% strongly disagree with their SACCO on how they guarantee loan enforcement mechanism are most effective and convenience. The above findings indicates that the respondents has confidence in their Sacco regulation on saving and the mobilization they are have done on the issue of loan and loan recovery. They should continue to emphasis that mechanism in order to be more effective to all beneficiaries. Table 10 includes the correlations between saving mobilization and performance of sacco.

Table 10: Correlations between Saving mobilization and performance of sacco

		Saving mobilization	performance of SACCO
Saving mobilization	Pearson Correlation	1.000	.823**
	Sig. (2-tailed)		.000
	N	89	89
performance of sacco	Pearson Correlation	.823**	1.000
	Sig. (2-tailed)	.000	
	N	89	89

****.** Correlation is significant at the 0.01 level (2-tailed).

Table 10 shows there is very high correlation ($r=0.823$) between Saving mobilization and performance of Sacco, the relationship was significant based on Pearson correlation ($r=0.823$.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. This priority to substantiate that there is a consideration lover relation between inherent obstruction and deed.

4.2.3 To estimate the effect of credit risk management on illustration of SACCOs in selected SACCOs in Gasabo District, Rwanda

The third to assess the stroke of interest risk guidance on performance of SACCOs in chooser SACCOs in Gasabo District, Rwanda. This extrinsic was maker by asking the respondents to accord to several statements narrate to the believe risk management in their army. This objective was to estimate the effect of credit risk management on illustration of SACCOs in selected SACCOs in Gasabo District, Rwanda.

With this objective, researcher intended to estimate the effect of credit risk management on illustration of SACCOs in selected SACCOs in Gasabo District, Rwanda. The information collected are presented according to the degree of agreement and disagreement with Likert-type scale was used to rate their responses on a 5– point scale ranging from: 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree.

Table 11: Influence credit risk management on presentation of SACCO in Gasabo District

Statements	N	SA	A	N	D	SD	Mean	Std. Deviation
Credit analysis and procedure are followed by the SACCO in extending credit	89	51.8	30.3	17.9	0.0	0.0	4.3371	.76788
SACCO has a policy that provide loan service that fit to the preference of the borrowers	89	52.8	47.2	0.0	0.0	0.0	4.5281	.50204
SACCO loan recovery enforcement mechanism is effective	89	34.8	59.6	5.6	0.0	0.0	4.2921	.56814
There is clients dissatisfaction in loan processing procedure	89	7.9	57.3	24.7	10.1	0.0	3.6292	.77433
SACCO has improved its loan default through Loan rescheduling	89	39.3	60.7	0.0	0.0	0.0	4.3933	.49124
SACCO has loan recovery measures to enforce loan repayment	89	21.4	69.7	8.9	0.0	0.0	4.1236	.53979
SACCO guarantee loan enforcement mechanism are most effective and convenience	89	32.5	50.6	13.5	3.4	0.0	4.1236	.76604
Overall mean							4.20385	

Primary data, (2022)

Table 11 shows that all statements indicates the internal control of Sacco and their performance. Generally, the respondents trusted their system of internal control for their Sacco. This means that 68.8% from the people asked are strongly agreed that there policies governing the operational of the Sacco and 31.4% agreed about their Sacco’s policies, the respondents didn’t strongly disagree and disagree of their policies governing the operational of the Sacco. 43.8% agree and 36% strongly agree that their Sacco system review done regularly and 20.2% respondents are not sure if their Sacco review their system regularly. 0% of respondents strongly disagree and disagree about it. 77.5% agree and 22.5% strongly agree of respondents affirmed that physical monitoring of Sacco assets are done regularly. 0% strongly disagree and disagree about it. 46% agree and 54% strongly agree that their Sacco duties are well separated per roles. 0% strongly disagree and disagree about it. 25.9% agree and 31.5 strongly agree that their Sacco carried out risk based audit regularly. 35.9 % they are not sure about how their Sacco carried out risk based audit regularly and 6.7% disagree about it, where 0% strongly disagree about it. 32.6% agree and 24.8% strongly agreed with their Sacco how they carry out risk identification regularly in order to update risk register. 37 % of respondents are not sure where 5.6% disagree and 0% strongly disagree with their Sacco how they carry out risk identification regularly in order to update risk register. 76.4% agree

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and 23.6% strongly agreed that their Sacco CEO participate in both management and the board meetings. 0% of respondents are not sure and 0% are strongly disagree and disagree about it. 73.1% and 26.9% agree and strongly agree that the internal audit department of their Sacco has put in place a clear procedures. 0% are not sure, 0% are disagree and strongly disagree about it. 66.3 % and 33.7 % agree and strongly agree that their Sacco internal audit objectives are effectively achieved in each section and 0% neutral, disagree and strongly disagree about it. 88.7% and 11.3% agree and strongly agree that CEO provide a clear recommendation to their internal auditor in order to achieve their goals. 0% neutral, disagree and strongly disagree about their Sacco CEO who provide a clear recommendation to their internal auditor in order to achieve their goals. 71.9% and 28.1 % agree and strongly agree that there is increased participation of members in governance of their Sacco. 0% neutral, disagree and strongly disagree about their Sacco on the increase of participation of members in governance.

The above findings were also confirmed by the interview of the manager, cashier, and loan officer where they agree that internal control in Saccos has improved on high level. The clients also agreed and strongly agreed on the statements.

Table 12: Correlations between Credit risk management and performance of SACCO

		Credit risk management	performance of SACCO
Credit management	risk Pearson Correlation	1.000	.749**
	Sig. (2-tailed)		.000
	N	89	89
performance SACCO	of Pearson Correlation	.749**	1.000
	Sig. (2-tailed)	.000	
	N	89	89

****.** Correlation is significant at the 0.01 level (2-tailed).

Table 12 shows there is very high correlation ($r=0.749$) between credit risk management and performance of Sacco, the relationship was significant based on Pearson correlation (0.749.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. Hence, the movement of the variables moves in the same direction.

4.2.4 To found the influence of liquidity requirement on illustration of selected SACCOs in Gasabo District, Rwanda.

This objective was to found the influence of liquidity requirement on illustration of selected SACCOs in Gasabo District, Rwanda. With this objective, researcher intended to found the influence of liquidity requirement on illustration of selected SACCOs in Gasabo District, Rwanda. The information collected are presented according to the degree of agreement and

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disagreement with Likert-type scale was used to rate their responses on a 5– point scale ranging from 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree.

Table 13: Impact of liquidity requirement on presentation of SACCO in Gasabo District

Statements	N	SA	A	N	D	SD	Mean	Std. Dev
SACCO has inadequate compliance to minimum SACCO liquidity requirements	89	29.2	58.4	13.4	0.0	0.0	4.1461	.63157
There is relationship between liquidity management and performance of SACCOs.	89	76.4	23.6	0.0	0.0	0.0	4.7640	.42700
SACCO relies on external borrowing to finance their activities (when they don't have liquid)	89	34.8	53.9	22.5	0.0	0.0	4.0112	.68248
SACCO investment policy remains with the core principal of SACCO	89	22.5	60.7	16.8	0.0	0.0	4.0562	.62812
There is protection of members deposits by SACCO management	89	13.5	65.2	21.3	0.0	0.0	3.9213	.58823
Inadequate surplus cash for diversified investments	89	23.6	40.5	35.9	0.0	0.0	3.8764	.76604
SACCO dividends are adequate in comparison on the market rate	89	6.7	51.7	20.2	13.5	7.8	3.3596	.57952
Overall mean							4.0193	

Source: Primary data, (2022)

Table 13 shows that all statements indicates the liquidity requirements of Sacco. Usually, the respondents agreed their system of liquidity requirements for their Sacco. This means that 58.4% of respondents agreed that SACCO has inadequate compliance to minimum SACCO liquidity requirements and 42.6% strongly agreed about their SACCO has inadequate compliance to minimum SACCO liquidity requirements, the respondents didn't strongly disagree and disagree of their SACCO has inadequate compliance to minimum SACCO liquidity requirements. 23.6% agree and 76.4% strongly agree that there is relationship between liquidity government and deed of SACCOs. 0% respondents are not infallible, 0% of respondents strongly quarrel and clash about there is relationship between liquidity direction and performance of SACCOs. 53.9% agree and 34.8% strongly agree of respondents stated that their SACCO relies on external borrowing to finance their activities (when they don't have liquidity) and 22.5 are not sure about it. 0% strongly disagree and disagree about the SACCO relies on external borrowing to finance their activities (when they don't have liquidity).

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60.7% agree and 22.5% strongly agree that their SACCO investment policy remains with the core principal of SACCO and 16.8% respondents are not sure about their SACCO investment policy remains with the core principal of SACCO. 0% strongly disagree and disagree about it. 65.2% agree and 34.8 strongly agree that there is protection of members' deposits by SACCO management. 0% of respondents are not sure, strongly disagree and disagree that there is protection of members' deposits by SACCO management. 40.5% agree and 59.5% strongly agreed with their Sacco has inadequate surplus cash for diversified investments. 0 % of respondents are not sure where 0% disagree and 0% strongly disagree with the inadequate surplus cash for diversified investments of their Saccos. 51.7% agree and 6.7% strongly agreed that their SACCO dividends are adequate in comparison on the market rate. 20.2% of respondents are not sure and 13.5% are disagree and 7.8% are strongly disagree about their SACCO dividends are adequate in comparison on the market rate.

The above findings indicates that the clients and the staff of both selected Saccos above the half of them agreed on the regulations related to the liquidity requirements their Saccos has put in place.

Table 14: Correlations between Liquidity requirements and performance of SACCO

		Liquidity requirements	performance of SACCO
Liquidity requirements	Pearson Correlation	1	.923**
	Sig. (2-tailed)		.000
	N	89	89
performance of SACCO	of Pearson Correlation	.923**	1
	Sig. (2-tailed)	.000	
	N	89	89

****.** Correlation is significant at the 0.01 level (2-tailed).

Table 14 shows the correlations between liquidity requirements and performance of SACCO is very high ($r=0.923$). The relationship was significant based on Pearson correlation ($r=0.923$.) The p-value of 0.000 (i.e. 0.0%) is less than 1%. This leads to assure that there is a import supercilious correlation between Liquidity requirements and performance of SACCO.

4.2.5 Performance

Through all the objectives was focusing on the performance of SACCOS.

Performance of SACCOS Indicate your opinion on the performance of your SACCO. Use [√] appropriately. Use the scale of Strongly Agree (1); Agree (2); Neutral (3); Disagree (4); and Strongly Disagree (5).

Table 15: Performance

Statements	N	SA	A	N	D	SD	Mean	Std. Dev
Return On Equity (ROE) has increased in the last five years.	89	29.2	53.9	16.9	0.0	0.0	4.1236	.67116
SACCOs Return On Assets (ROA) has increased in the last five years.	89	12.4	77.5	0.0	0.0	0.0	4.2247	.41976
There is increased Operational efficiency SACCO.	89	23.6	76.4	0.0	0.0	0.0	4.2360	.42700
SACCO Regulatory frame work influences performance.	89	32.6	62.9	4.5	0.0	0.0	4.2809	.54332
Overall mean							4.2163	

Source: primary data2022

Table 15 indicates that all statements indicates the performance of Sacco. Generally, the respondents agreed with the system heir Sacco has put in place in order to improve their performance related to the starting time. This means that 53.9% of respondents agreed that the Return On Equity (ROE) has increased in the last five years and 29.2% strongly agreed about their return on equity, 16.9% of respondents are not sure of the return on equity, the respondents also didn't strongly disagree and disagree of Return On Equity (ROE) has increased in the last five years of the Sacco. 77.5% agree and 22.5% strongly agree that their SACCOs Return On Assets (ROA) has increased in the last five years. 0% of respondents are neutral, strongly disagree and disagree about it. 76.4% agree and 22.6% strongly agree of respondents that there is increased Operational efficiency SACCO. 0% are not sure, strongly disagree and disagree about the increased Operational efficiency SACCO. 62.9% agree and 32.6% strongly agree that their Sacco Regulatory frame work influences performance. 4.5 are not sure,0% strongly disagree and disagree about it. The above findings shows that the performance of both Saccos has increased in five years in terms of return on equity, assets and operational efficiency.

Table 16: Correlation between regulatory framework and performance of SACCO

		Regulatory framework	Performance of SACCO
Regulatory framework	Spearman Correlation	1.000	.887**
	Sig. (2-tailed)		.000
	N	89	89
Performance of SACCO	Spearman Correlation	.887**	1.000
	Sig. (2-tailed)	.000	
	N	89	89

****.** Correlation is significant at the 0.01 level (2-tailed).

The study results in Table 16 shows there is a high correlation between regulatory framework and performance of SACCO ($r=0.887$). The correlation was supported on Spearman coefficient ($r=0.887$). The P-Value of 0.000 (i.e. 0.0%) is less than 1%. This precedence to actualize that there is a reflection square narrative between inwrought impediment and reality.

Table 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.887 ^a	.919	.887	.27307

a. Predictors: (Constant), regulatory framework

b. Dependent Variable: performance

The results presented in Table 17 establish that regulatory framework is satisfactory in determining the performance. The adjusted R square, was found to be 0.887. This implied that regulatory framework could explain 88.7% of the variations in the performance. Moreover, the analysis of variance (ANOVA) was determined and the study results are presented in Table 18

Table 18: ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.887	1	.887	10.735	.002 ^a
	Residual	4.591	88	.072		
	Total	5.478	89			

a. Predictors: (Constant), regulatory framework

b. Dependent Variable: performance of SACCO

Source: Primary Data (2022)

Based on the study results presented in Table 18, the p-value was 0.002, which is less than 0.05; thus, the regulatory framework is significant in explaining the performance. Further, the result of regressions of the coefficient of the regulatory framework is presented in Table 19.

Table 19:Regression results

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	T	
1	(Constant)	2.377	.563		4.189	.000
	Internal control	0.215	.689	.562	2.562	.012
	Saving mobilization	0.658	.082	.354	3.251	.000
	Credit Risk Management	0.542	.197	.685	2.597	.017
	Liquidity requirement	0.340	0.098	.236	3.256	.001

Source: Primary Data (2022)

a. Dependent Variable: Performance

Regression analysis using $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Whereby:

Y= performance of saving and credit co-operatives in Rwanda

X1=Internal control

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X2= Saving mobilization

X3= Credit Risk Management

X4= Liquidity requirement

ε = error term

From SPSS data results, the equation translated to:

$Y=2.377+0.215$ internal control + $0.0.658$ internal control + 0.658 saving mobilization + 0.542 credit risk management + 0.340 Liquidity requirement

All four variables of regulatory framework: Internal control, saving mobilization, credit risk management and liquidity requirement were positively correlated to performance of SACCOs a case of selected saving and credit co-operatives in GASABO District. Furthermore, regression indicates that any change (increase) would have a significant change in performance of Selected SACCO in GASABO District. It is important to say that a greater improvement in Internal control, saving mobilization, Credit Risk management and Liquidity requirement strengthen performance.

5.0 Summary of findings

It was established there is a very high correlation ($r=0.943$) between internal control and performance. The relationship was significantly based on Pearson correlation ($r=0.943$.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. In addition, the study findings indicated a very high correlation ($r=0.823$) between saving mobilization and the performance of Sacco. The relationship was significantly based on Pearson correlation ($r=0.823$.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. It was revealed there is a very high correlation ($r=0.749$) between credit risk management and the performance of Sacco. The relationship was significantly based on Pearson correlation (0.749.) The P-Value of 0.000 (i.e. 0.0%) is less than 1%. Hence, the movement of the variables moves in the same direction. The study reported the correlations between liquidity requirements and performance of SACCO is very high ($r=0.923$). The relationship was significantly based on Pearson correlation ($r=0.923$.) The p-value of 0.000 (i.e. 0.0%) is less than 1%.

Moreover, the results presented established that the regulatory framework is satisfactory in determining the performance. The adjusted R square was found to be 0.887. This implied that the regulatory framework could explain 88.7% of the variations in the performance. All four variables of the regulatory framework: Internal control, saving mobilization, credit risk management and liquidity requirement were positively correlated to the performance of SACCOs in the case of selected saving and credit co-operatives in the GASABO District. Furthermore, regression indicates that any change (increase) would have a significant change in the performance of Selected SACCO in the GASABO District. It is important to say that a greater improvement in Internal control, saving mobilization, Credit Risk management and Liquidity requirements strengthen performance.

6.0 Conclusion and Recommendations

It is concluded that most of the research participants agreed that internal control, saving mobilization, credit risk management and liquidity requirement contribute to the performance of Saccos in Rwanda. The study showed that the overall mean for internal control is 4.22064, the saving mobilization has a 4.63564 overall mean, credit risk management has 4.20385 as an overall mean for all respondents and finally, liquidity requirement has a 4.0193 overall mean for the respondents. The above indicators show that the overall means are between 3.25 and 5.00. The study showed the relationship is significant with a P-value of $.000 < 0.05$. The P-value for internal control was .012, P-value for saving mobilization was .000, the P-value of credit risk management was .017, while the P-value for liquidity requirement was .001. All these components are statistically significant since P-value is < 0.05 . Thus, the performance of Saccos in Rwanda depends on internal control, saving mobilization, credit risk management and liquidity requirement. The recommendation is that the RCA and other policymakers of saving and credit cooperatives in Rwanda should clear that internal control, saving mobilization, credit risk management and liquidity requirement, and performance of selected Saccos in Gasabo District, Rwanda. There should be structuralization of permanent internal audit control and verification for all income and expenses of SACCOs and should set the boundaries for some members who ask for loans to limit payment loans.

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