

Factors Influencing Loan Payment and Delinquency on SACCOS Performance in Tanzania

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This study examined factors influencing loan repayment and delinquency on SACCOS performance in Tanzania. The specific objectives of the study were to find out the factors influencing loan repayment performance of borrowers; to evaluate the techniques used by SACCOS on screening creditworthy borrowers; and to examine the strategies used by SACCOS for enhancing loan repayment performance. A multiple case study was opted for research design. The cases included were Okoa, CHAWAKUKO, same Kaya, Mashati, Ushiri and ELCT-ND SACCOS, all in Kilimanjaro region. Simple random and purposive sampling was used to obtain SACCOS and respondents in the study. Respondents were selected from members, employees, board members and SACCOS' management. Methods used for data collection were interviews, questionnaires and documentary review. A descriptive method was used to analyse data and it was presented in frequency/ percentages tables. The overall findings revealed that, loan diversion and multiple borrowing from different institutions were the most significant factors influencing negative loan repayment performance. It also indicated that, the use of valid salary slips from employed members and the savings capacity of members evidenced to improve the loan repayment performance. Based on the findings, it is recommended that members and SACCOS officials should be trained in order to build their capacity and entrepreneurial skills so as to invest in productive activities and enhance loan repayment performance. The suitability of loan repayment period should be improved so as to minimize the loan delinquency problem and enhance profitability and sustainability of SACCOS.