

**Economic Sustainability of Village Community Banks in Tanzania
A Case of Mosii and Hai Districts**

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This study is centered in Economic Sustainability of Village Community Banks (VICOBA) in Moshi and Hai districts. The study examined the current status and funding sources of VICOBA, determined varieties of products/services offered by VICOBA and their respective beneficiaries. In addition, the study identified challenges and prospects of VICOBA to economic benefit of members. The study employed case study design using methods such as focus group discussion, interview and documentary review in collecting data. The analysis of data was done through qualitative analysis by the use of content analysis and quantitative through descriptive statistics by the help of Microsoft excel software. The study results show that most of the members of VICOBA are the marginalized women; however, few men participate. VICOBA is currently undergoing transformation in which it is gradually shifting from informal to semi-formal Effls. They heavily rely on their internal mobilized funds through members contributions. main product/service offered by this organization is loan; however, members access other social services that cater for social requirements such as; wedding ceremonies, burial ceremonies, and sickness. These institutions operate in a limited capital base due to the socio-economic status of their members and because they technically and professionally operate in an informal system, economic sustainability is still uncertain. In addition, the study found out that VICOBA face challenges such as limited cooperation at family and group level, financial constraints, technical know how lack of physical outlines, multiple borrowing and unclear regulatory frameworks. This study recommends that, development of policy and formation of clear regulatory framework on VICOBA operations should be emphasized to reduce the risk on members' savings and give guidance on the supervision and effective operational regulations that will gain trust of the members on their savings to the organization.