

**Improvement of SACCOS Business through Assets-Liability Management
Promotion of SACCOS Interblending and Loan Syndication Activities**

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Abstract

Savings and Credit Cooperative Societies as financial intermediates provide financial services that connect lenders and borrowers within a society. In order to meet demands of suppliers and users of funds they embark on provision of savings and lending services on a continuous and sustainable basis. They however face difficulties that are related to their inability to match the maturity of assets and liabilities. This aspect (assets- liability management is also an attribute of the way these societies treat assets and liabilities. They assume liabilities such as savings and deposits are not interest sensitive and thus do not react to changes in the market interest rates. On the other hand, assets such as members ' loans are not designed to match to maturity of related obligations. There is a mismatch in both interest rate sensitivity and duration. As a result of these inhibiting factors, SACCOS experience liquidity problems in meeting members' loan applications and funding of viable agricultural and investment requirements.

This paper examines the current difficulties in financing of loans and proposes how a better management of the assets and liabilities could reduce the gap that exists in their maturity. It further recommends application of an inter-lending approach amongst the SACCOS as a way of alleviating temporary cash shortages as well as an opportunity for investment of short-term surplus cash. For large borrowers, the paper advocates undertaking of syndication activities in which or more societies could together finance a single borrower. Syndication could help in financing of agricultural marketing and other investments of intermediate and long-term duration. This way savings and credit cooperatives core values of self-help, access, trust and growth can be attained.