

Contribution of Umurenge Saving and Credit Cooperatives (SACCOs) to the Living Standards of Improvement of Members in Rwanda. A Case Study of Mahembe Umurenge Sacco (2017-2019)

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Abstract

All over the world, savings and credit cooperatives have played the fundamental starring role in promoting living standard improvement of population. This study focuses on the evaluation on savings and credits cooperatives on living standards improvement of SACCO's members in Rwanda. The study aimed at finding out whether the saving and credit cooperatives were effective and whether they really have contribution on member's living standards improvement in Rwanda especially in Mahembe Umurenge SACCO. The design of this study was a quantitative descriptive in nature. A sample size of 70 respondents were selected randomly to take part into this study and data were analyzed using statistical package for social sciences (SPSS) version 20. The findings revealed that Saving and Credits Cooperatives have a great contribution to the living standards improvement of SACCO's members and there is a strong positive and significant relationship between saving and credit cooperatives and members' living standards improvement and also a significant influence of saving and credit cooperatives on members' living standards.

Keywords: Credits; Deposits and advises; SACCO; Umurenge Saving and Credit cooperatives.

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1. Introduction

In Rwanda, Saving is a very important component, which is responsible for meeting any emergency accrued by the individuals or the households or any corporate agencies. In Rwanda Savings and Credits Cooperatives has been taken as the best strategy to provide financial support to the members. They accept deposits from members and grant them loans at reasonable rates of interest in times of need [1]. Saving and Credit cooperatives services such as Umurenge savings and credits cooperatives have a significant positive impact on the depth of poverty and on specific social-economic variables such as children's schooling, household nutrition status, an improved quality of life and women's empowerment. Precautionary saving is the most commonly reported motive in all countries, followed by saving for old-age provision. Preferences for other motives are then rather heterogeneous across countries [2]. Living standard improvement in Rwanda have shown a remarkable degree of improvement over the past 20 years [3]. The relative success of the Rwandan government's self-reliance program efforts have made standard of living being improved and this is despite continuing backlogs, and the fact that in many cases the quality of services delivered should have been higher [4]. Savings and credit rates as services provide by Umurenge SACCO have passed up in Rwanda and in recent years have been barely over half the grades achieved. Savings and credit cooperatives have consequently increased investments of cooperatives members [5]. Like many Sub Saharan African nations, Rwanda has not been able to finance its investments in full. It has relied on foreign savings and foreign credits to supplement its domestic resources [6]. This has likewise resulted in budget shortfalls. Rwanda policy is to finance the required investment via improved local savings and providing credits through saving and credit cooperatives (SACCOs) without much over reliance on foreign inputs. Due to reasons stated above, it is necessary to analyze the contribution of saving and credit cooperatives to the living standard improvement of members in Rwanda especially in Mahembe Umurenge SACCO.

2. Methods

An exploratory quantitative descriptive design was used in this study to find out whether the saving and credit cooperatives were effective and whether they really have contribution on member's living standards improvement in Rwanda. Data were collected using a self-administered questionnaire to interview 70 members from Mahembe Umurenge Saving and Credit cooperative. Data were analysed using the Statistical Package for Social Sciences (SPSS) version 20. Statistical analysis using inferential statistics was used considering p-value 0.05 as the level of significance and 95% Confidence Interval (95% CI).

3. Results and Discussion

In Rwanda Saving and Credits Cooperatives provide different services to its members including but not limited to savings, credits, deposits and advices, et c.. The researcher gave the respondents various statement regarding Saving and Credit Cooperatives in terms of savings, deposits, credits and advices during living standards improvement.

Table 1: Perception of respondents on Savings, Credits, Deposits and Advices as services provided by Umurenge SACCO. (n=70)

No	Response	Number of respondents	Percentage
1	Savings	25	36 %
2	Credits	25	36 %
3	Deposits	16	23 %
4	Advices	4	5 %
	Total	70	100 %

Analysis from the table above reveals the most services provided by Savings and credits cooperatives to its members as proved by its member, Savings and credits are the most services obtained from Sacco, and are the ones helping the members to improve their standards of living. The respondents were asked to indicate the extent to which they agreed or disagreed with each of the statements. The following is the table showing the findings.

Table 2: Respondents' responses on impact of Savings and Credits as services provided by Umurenge SACCO on member's living standards improvement. (n=70)

Statements	Mean	SD	Interpretation
Savings and Credits contribute to increase of level of income	4.59	0.099	Agree
Savings and Credits contribute to increase of education level, as I have been able to pay school fees for my children.	3.88	1.004	Agree
Savings and Credits contribute to improved physical condition as I have acquired new domestic properties(house, car and land)	5.06	0.724	Agree
Savings and Credits contribute to starting new business and expansion	3.94	0.723	Agree
Savings and Credits contribute to Acquisition of new properties	4.118	0.039	Agree

Note: [1-1.8] =very low mean; [1.9-2.6] =low mean;[3.5-4.2]= high mean [4.3-5 and above]= very high mean.

The table 2 shows that Saving and Credit Cooperatives members have agreed that saving and credits as services provided by SACCO contributed much to their living standard improvement through improved physical condition they have acquired new domestic properties(house, car and land) followed by the level of income that has been increased and acquisition of new properties. Lastly, starting new businesses and increase of educational level were also revealed as having impact on members' living standards improvement. The analysis goes on showing that Savings and credits as services provided by Umurenge SACCOs have significant contribution to living standards improvement of members. This patterns with the study [7-10], The findings of the study revealed that 83.3% of the respondents do save. The majority (71.3%) of those who save prefer saving in the bank, the conclusion of this study was that saving improve rapidly living standards of the savers and the study revealed too that credits helped people to develop themselves. Pearson correlation coefficient, ($r=0.995$) shows that there was a very high positive and significant relationship ($\text{sig}=0.000$) between saving and credit

cooperatives and members' living standard improvement. This was an indication that if procedures for savings and credits are good or improved, members' living standard is enhanced. This positive relationship indicates that a directional change in the independent variable (savings and credit cooperatives) lead to the same directional change in the dependent variable (Living standards improvement of members).

Table 3: Correlation Matrix showing the relationship between savings and credits cooperatives and Members' living standards improvement

		Saving and credit cooperatives	Members' living standard improvement
Saving and credit cooperatives	Pearson Correlation	1	.995**
	Sig. (2-tailed)		.000
	N	70	70
Members' living standard improvement	Pearson Correlation	.995**	1
	Sig. (2-tailed)	.000	
	N	70	70

4. Conclusion

The findings from the study revealed that Umurenge Saving and Credit Cooperatives (SACCOs) provides different services to its members including savings, credits, deposits and advices that help them to improve their living standards. The correlation analysis showed that the relationship between saving and credit cooperatives and members' living standards improvement is significantly positive. The study revealed SACCO's members have increased level of income, acquisition of new properties like car, land and house, are able to pay school fees for students, acquire business management skills from SACCO advices. Thus, saving and credit cooperatives have a significant contribution to the members' living standard improvement.

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