Abstract

Savings and Credit Cooperative (SACCO) societies are key players in providing financial services to Kenyans. Over the years, the expansion of SACCO has been seen as panacea to alleviate poverty in the society through financial inclusion. This fast growth has not been devoid of SACCOs facing myriad of challenges. Financial regulations were established by the Government to prudently control and regulate SACCO sector operations to safeguard the shareholders' interests. After SASRA regulations of 2010 came into effect, there was 18.6% decline of existing deposit taking SACCOs. This translated into a collapse of forty (40) SACCOs county wide. This decline was against the expectation that there would be sustained growth o SACCOs in respect to SACCO regulations. This study sought to establish the effectiveness of financial regulations on the growth of deposit taking SACCOs in Mount Kenya region. The research hypotheses stated that licensing regulations, Capital adequacy regulation, liquidity regulations and loan provisioning had any significant effect on the growth of deposit taking SACCOs in Mount Kenya region. Descriptive research design and inferential statistics were used in the study. The target population was fifty-four SACCOs from eight Counties of Mount Kenya region. A census method was used to collect data from the total population. A questionnaire was employed as the main data collection instrument for Primary data. Secondary data was obtained from SACCO Society Regulatory Authority (SASRA) annual supervision reports. Reliability of the study was assed using Cronbach alpha coefficient. Quantitative data analysis was undertaken for both Primary and Secondary data collected. Data was analyzed using Statistical Package of Social Science (SPSS) version 25. Tables were used to present the results. Multiple regressions were used to test the research hypotheses for turnover of DTS against financial regulations to determine the associations among the study variables. The study findings established that licensing (r =0.945) had strong positive correlation with growth of SACCOs. However, capital adequacy (r =0479), liquidity (r =0.478) and loan provisioning r =0.393) had positive weak correlation with growths of DTS. The study concluded that all the variables under study are statistically significant in explaining the growth of deposit taking SACCO in Kenya. The study recommends review of the licensing regulations by the government through SARA to save witnessed decline of SACCO and bring more entities onboard as SACCOs for sustainable financial inclusion. The study recommends the government through SARA to review liquidity challenged encountered by SACCOs and ensure SACCOs have away to pool their resources together hence cushion them from stiff competition from other financial players in the industry and salvage SACCOs for sustainable growth.