




## **SOLUTIONS TO THE COMMON CHALLENGES FACING SACCOs.**

The challenges facing SACCOs are numerous. They include regulatory issues, financial challenges, technological advancements, and changing customer needs.

Below are some of the challenges facing SACCOs and some potential solutions to these challenges.

### **1. Geo challenges**

- Most SACCO's are based in one region without branches across the country. This makes it next to impossible for members outside the region to access the SACCOs and their services.
  
  - For instance, a SACCO that started as a farmers' group in a particular town has grown in membership and revenues over the years. Some of the members decided to move to other parts of the country for their own reasons.
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## SOLUTION

By making use of alternative channels like mobile banking, agency banking, and even a members' portal. A SACCO will be able to

- Increase revenues through members' transactions
- Offer SACCO members more convenient services
- Makes members more active than before
- Increase in membership due to the convenience offered
- Reduce operational costs, i.e. opening and running physical branches

With other options like agency banking, you will be able to reach the unbanked populations. Get the unfair advantage and capitalize in places other financial institutions have abandoned.






## 2. Delayed service delivery to members

- How to deal with SACCO members complaints of slow services such as delayed loan approvals.
- Usually this may be caused by the use of manual processes, unreliable technologies, and internal bureaucracies.
- Delayed service delivery may end up depreciating the value or relevance of services you offer to members.
  
- A Good Example could be, a member applies for an emergency loan, which means that they need the funds *ASAP* to solve an urgent matter. If he/she ends up getting the loan a week later, that makes it irrelevant considering the time factors.

### **SOLUTION**

The above challenge could be handled by using a reliable core banking solution that will quicken your SACCO's operations. It's better to get a cloud-based and multi-platform solution that can be accessed from anywhere at any time by authorized users.





### **3. Poor marketing approach.**

SACCOs face a lot of competition from other financial service institutions and digital lending solutions.


Low-interest loans are no longer a selling point therefore SACCOs need to understand the market needs and act upon them.


Be honest to yourselves as a team and find the answers to these questions;

1. Do you understand your members' needs, your target market's needs, and what you can offer to solve their problems?
2. How unique and valuable are your products and services compared to other institutions?
3. How equipped are you to adapt to the changing trends and customer needs?
4. What are the weaknesses that you need to improve on and the strengths you can capitalize on?

To serve better and to stay relevant, you need to have the answers to the above questions.

### **SOLUTION**


- Use systems with business intelligence and analytics capabilities to understand your members and your products better.
  - Such reports will help you understand the products that do well and what members really need and which products to capitalize on.
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#### 4. Reporting & data management challenges

Every SACCO depends on several reports for their daily operations. These reports may include financial, loans, BSA reports, membership reports, and many more.

#### **SOLUTION**


- ❑ Use of a SACCO Management System with better data management and reporting capabilities will address the challenge.
  - ❑ A good core banking solution enables SACCOs to use data to their advantage, and automated reporting will help in compliance and a quick decision-making process.
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## 5. Manual processes, outdated technologies, and unreliable technology vendors.

Some SACCOs are still operating manually, some are using outdated systems and can't meet the current demands and others are frustrated by their system vendors

### **SOLUTION**

- The solution starts with the SACCO management and the board. As leaders, you have to decide whether need to automate or not. Most of the time the procurement process has been delayed due to slow decision making the board, hence SACCOs end up losing money and members due to poor service delivery.
  - When procuring a SACCO management system, have a checklist that touches every department that will make use of the system. Ensure that it serves the purpose and get all your questions answered during the demo exercise.
  - To avoid working with unreliable systems and vendors, ensure that you do your due diligence, benchmark with other SACCOs that use the solutions at hand, and get reviews from the vendors' clients.
  - Also, keep in mind the vendors' portfolio, industry experience, and if they are up to date and visionary in terms of providing solutions to future challenges.
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## 6. Slow decision-making from the board and management.

SACCOs are known to be quite slow in decision-making, often taking months or even years to make a simple change. This can be frustrating for members, as it can make it difficult to get things done promptly. This can also lead to delays in service delivery and customer service.

### **SOLUTION**

- ❑ There are a few ways that SACCOs can improve on this issue. First, they can make sure that they have a clear and concise decision-making process in place. This will help to ensure that all decisions are made in a timely and efficient manner.
  - ❑ Additionally, SACCOs can make use of technology to help speed up the decision-making process. For example, they can use online voting systems to allow members to have a say in decisions without having to wait for meetings.
  - ❑ Increasing transparency and communication with members. This way, members will have a better understanding of how decisions are made and why there may be delays in certain areas.
  - ❑ Simplifying processes and streamlining decision-making. This will help to reduce the overall time it takes to make decisions and get products and services to members.
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