



SCHOOL OF PURE AND APPLIED SCIENCES

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PROJECT TITLE: SACCO INFORMATION SYSTEM

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CHAPTER ONE

INTRODUCTION

The world is fast changing, everybody is looking for an easy way to transact business, banks are feeling the heat of competition from the saccoes which years ago never existed. If it comes to loan interest rates, Saccos are fast emerging to be the pacesetters for banks to follow. Years ago, banks would take the lion share when it comes to profitability compared to saccoes.

However the rise of Saccos has not been a walk in the park, with adoption of technology and its integration to their everyday activities. These research report is all about the journey Saccos have taken to automate their operation and the current loopholes in the existing Sacco systems.

BACKGROUND OF THE STUDY

Saccos have been in existence in Kenya since 1908, European settlers formed the Lumbwa cooperative society about two decades, these cooperative society was restricted to the settler population. It was until 1930 when the then national assembly enacted cooperative societies ordinance which allowed Africans to own and start cooperative movements. The first fully African cooperative society in Kenya was Kenya cooperative creameries (KCC) which was formed by dairy farmers in pursuit of better prices for their milk. Later Kenya Farmers association was formed followed by the Kenya planters cooperative union (KPCU) which was registered in 1937.

Even though the ordinance enactment allowed Africans to own cooperative societies, Africans were restricted from participating in the activities of these cooperatives something which really affected the flourishing of these societies.

In 1945, the ordinance was enacted so as to allow Africans to participate in the cooperatives society they established. The post of registrar of cooperative societies was proposed which opened the door for more Africans to form cooperative movements. The major breakthrough came in 1958 when more than 400 cooperatives were registered, In 1963 over 1000 cooperatives were formed which empowered Africans. It was in 1963 when Kenya attained self rule, these came as a boost to the cooperative movement since more Africans gained confidence in their very own government which was led by the late Jomo Kenyatta.

The structural adjustment programmes (SAP) were introduced in 1980, these programmes accelerated reforms in SACCOS through liberalization and structural reforms. The results of SAP were wide ranging policy changes in trade and macro-economic policies impacting on production costs, incentives structures and sector competitiveness.

In 2008, the SACCOS society was enacted, these introduced prudential regulation of all deposit taking saccoes. These gave birth to Societies regulatory authority (SASRA) in 2009. The apex of all Saccos in Kenya is the cooperative alliance of Kenya (CAK), these was formed after the collapse of Kenya federation of