

**SAVINGS AND CREDIT COOPERATIVES (SACCOS) MICROCREDIT AND
HOUSEHOLD INCOME IN RWANDA
A CASE OF SACCO CYERU IN BURERA DISTRICT**

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ABSTRACT

There are several micro-credit lending institutions in Rwanda extending financial services to low income earners and the needy people. Many individuals take up small and easily repayable loans with the desire to improve on their household income, welfare, and that of their family members. This study established the effect of Umurenge Savings and Credit Cooperatives (U-SACCOs) micro-credit utilization in a country especially SACCO Cyeru located in Cyeru sector, Burera District, Northern Province and its effect on the household income. The study found out the people's views towards U-SACCO micro-loans; established the effect of micro credit on the household income, the role of U-SACCO in poverty alleviation and outcomes of credit usage on the wellbeing of the household and adopted a cross-sectional research design which included both survey and ethnographic methods. Data was collected from more than one respondent in the sector taken as the case study where the target population was the beneficiaries of Umurenge SACCO micro-credit facility. To realize the study, qualitative and quantitative data was collected and analyzed. The primary data was gathered using survey questionnaires with closed and open-ended questions administered and mailed to the respondents, interviewing the key informants, organizing one focus group discussion and the researcher's personal observations. The findings revealed that the majority of the borrowers improved the rate of their welfare and that of the household members in general thanks to the credit accessed from U-SACCO. The household income increased and the poverty rate reduced. All respondents appreciated U-SACCO financial and non-financial services, the collateral security required like social support in form of group solidarity and land title as the main collateral security to low income earners. Thanks to the better and good customer of U-SACCO, proximity to the majority of indigenous both lower and higher income earners, the government is recommended to give U-SACCOs relative financial and non-financial support to increase their capacity of serving a big number of citizens. On the other hand, the U-SACCOs should be connected, strive to use modern technology of data recording and processing and provide the automated teller machines or phone financial services because they have been proven to be very useful for rural population in order to increase financial accessibility.