



LENDING TERMS, FINANCIAL SUSTAINABILITY AND OUTREACH. A CASE OF SACCOs IN JINJA DISTRICT

ABSTRACT

The purpose of this study was to investigate the relationship between lending terms, financial sustainability and outreach of SACCOs in Jinja District. The study was guided by the following research objectives; examine the relationship between financial sustainability and outreach of SACCOs, establish the relationship between lending terms and financial sustainability of SACCOs, establish the relationship between lending terms and outreach of SACCOs and to examine the relationship between lending terms, financial sustainability and outreach of SACCOs in Jinja district. The research was initiated due to the low levels of outreach of SACCOs despite government efforts to support such institutions.

A cross sectional quantitative research design was used and a sample of 70 SACCOs was selected from Jinja district. The research instrument was a self-administered questionnaire which sought responses on lending terms, financial sustainability and outreach of SACCOs in Jinja district.

The findings showed significant positive inter-correlations between variables. It was revealed that financial sustainability had a stronger positive association and predictor effect than lending

terms in regards to outreach. In addition, the multiple regression test showed a joint positive impact of 34.1 percent by both lending terms and financial sustainability to predict the outreach of SACCOs in Jinja District.

It was deduced basing on the findings that, although both lending terms and financial sustainability have an influence on the level of outreach, SACCOs should direct a greater part of their resources to enhancing their financial sustainability since financial sustainability has an upper hand in influencing outreach levels.