



# THE 7 SACCO DEADLY SINS

# THE SEVEN SACCO DEADLY SINS

1. EXTERNAL DEPENDENCY
2. TRANSPARENT FINANCIAL INFORMATION
3. UNCOMPETITIVE PRODUCTS AND SERVICES
4. POOR PUBLIC IMAGE
5. UNDISCIPLINED FISCAL OPERATIONS
6. “COOKIE CUTTER” LOAN ANALYSIS
7. SOCIAL PHILOSOPHY OVER COMMON BUSINESS SENSE



# SINS IN DETAIL

# SIN 1. EXTERNAL DEPENDENCY

- “ **SACCOs should ;**
  - **Not depend on Government or subsidized loans**
  - **Not use External Credit to fund operations or the purchase of fixed assets**
  
- “ **Savings should be the Primary source of Funds for Loan Demand.**
  
- “ **Savings ;**
  - **Independent decisions**
  - **Cost control**
  - **Member thrift**

## **SIN 2. TRANSPARENT FINANCIAL INFORMATION**

- “ Monthly financial Statements that should;**
  - “ Be accurate and Timely**
  - “ Include profit and Loss, Balance Sheet and Cash Flow**
  - “ Delinquency using Portfolio at Risk**
  - “ P.E.A.R.L.S**



# SIN 3. UNCOMPETITIVE PRODUCTS AND SERVICES

- “ Having Loans and savings yet;
  - Uninformed Members
  - %One Size Fits All+
  - Uncompetitive Pricing
  - Unaware of new technology
  - %We have always done it this way+

## SIN 4. POOR PUBLIC IMAGE

- ” Lack of Public Trust
  - Inefficient operations
  - Leadership irregularities
  - Run-Down Infrastructure
  - Poorly Trained staff
  - Unequal Treatment

# SIN 5. UNDISCIPLINED FISCAL OPERATIONS

” Micro . Management and Undisciplined Fiscal Operations Results in;

- High Delinquency . poor collections
- High Expenses/Non . earning Assets
- Improper Pricing
- Lack of Liquidity
- Lack of Focus on Financial Discipline



# SIN 6. “COOKIE CUTTER” LOAN ANALYSIS

## ” Share Leveraging

- Does not measure Capacity to Pay
- Is Easier but More Costly to the SACCO because it Creates;
- High Delinquency

# SIN 7. SOCIAL PHILOSOPHY OVER COMMON BUSINESS SENSE

## “ **Social Philosophy**

- Charity Mentality
- Lack of Profitability
- Jeopardizing Safety and Soundness to Accommodate an Individual over the Success of the Group

## “ **Common Business Sense ensures;**

- Equal Opportunity for All
- Profits that are Necessary to Insure Financial Strength
- The needs of all Members are Considered and Protected



**WHICH OF THE ABOVE SINS  
HAVE OUR SACCOS  
COMMITTED?**

**IS THERE ANY HOPE FOR  
REDEMPTION?**



**THANK YOU**

**THE END**