

ABSTRACT

Loan delinquency in SACCOs is a major threat in the sustainability of granting loan to the loan applicants and the growth of the business. Gradual increase in delinquency rate implies that SACCOs are unable to recover what they have lent out to loan beneficiaries. This affects the SACCOs' financial obligations. SACCOs' financial growth is a critical issue and failure to maintain cash in circulation affects their core business. SACCOs in Baringo County has realized increasing loan default since the year 2010 which was ksh.76, 987,450 and rose gradually to ksh. 225,464,348 in the year 2013. Management in SACCOs impressed on proper loan appraisals, timely reminders on repayments by loan beneficiaries and escalating on timely follow-up on loan defaulters. Delinquency continuously increased despite the measures taken to mitigate the problem by SACCOs. The study sought to establish the social factors that affect loan repayment by the borrowers, to determine economic factors that affect loan repayment by the borrowers, and to establish terms of loan factors that affects both SACCOs and borrowers regarding loan repayment. The study covered the 39 SACCOs in Baringo County. The study employed descriptive survey design. A sample of 39 credit officers and 161 loan beneficiaries responded to the study. The primary data was collected using a questionnaire, and analyzed using both descriptive statistics and multiple regressions. The result of the study indicated that economic and terms of the loan factors significantly affect loan default however social factors does not significantly affect the loan default. The study recommends that a credit policy should be maintained that is in built in Sacco software. Also more training programs sponsored by Sacco's aiming at enhancing the members on economic and social factors.

Keywords: key words, determinant, loan default, and Sacco's