

From ledgers to smartphones: How digital has changed SACCOs

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SACCOs serve as a vital link to financial inclusion for individuals at the lower end of the economic spectrum, particularly in rural Uganda where many people are unbanked. However, these Savings and Credit Cooperatives have historically faced criticism for their rudimentary operations, which have hindered their growth.

The advent of new technological tools has enabled these institutions to reach more people and expand their services. This transformation is largely driven by the widespread availability of mobile phones and mobile money, which collectively represent 33.7 million accounts nationwide, valued at \$167.3 billion as of 2025.

In Uganda, financial inclusion is central to the country's development, with fintech companies playing a significant role in this progress. In the Kigezi region, this gap is being bridged by the Savings and Credit Cooperatives (SACCOs), which are community-led initiatives aimed at empowering local resi-

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dents financially. The number of SACCOs in Uganda has surged to over 31,800, up from just 5,798 in 2015, highlighting their rapid expansion both in rural and urban areas.

"I can see a few groups have embraced this technology. However, when they are doing the savings, some records are not entered correctly, especially when using phones. Some groups are hesitant to continue using phones or tablets because they have not mastered how to manage these records. This is particularly true for many Village Savings and Loan Associations (VSLAs) that are located deep in rural areas, where a significant number of people are illiterate," says Ms Rodias Kyasimire, a trainer for farmer organisations and VSLAs.

For years, the Nyabyumba Farmers SACCO relied on manual systems for managing loans, member savings, share records, and registrations, all recorded in physical books. This process was slow, prone to errors, and often

left members frustrated. Moreover, transparency was limited, making it difficult for management to track performance across branches.

General manager, Nyabyumba Farmers SACCO in Kabale district Mr Ambrose Akankwasa, recalls the turning point: "As we grew, we saw the need to digitalise our operations. Since then, service delivery has improved tremendously. Transactions are faster, reports are accurate, and members are satisfied because they can now save and pay loans using mobile money."

Digitisation encourages efficiency and transparency. He notes that digitalisation introduced instant SMS alerts for deposits, creating trust and accountability.

Managers can monitor staff activity across branches in real time, strengthening internal controls. "It's not just a banking system; it's a management tool," Akankwasa explains. "We can see what staff are doing throughout the day."

SACCOs go digital

- Rukiga SACCO has over 2,000 members, with about 10 percent actively using digital services. This translates to roughly 50 mobile money transactions per day.
- Since adopting digital systems, the SACCO has seen significant growth in profitability, earning around Shs3 million per month from transaction fees, revenue that did not exist before.

Growth in numbers

The impact has been dramatic. Within a single financial year, the savings portfolio grew from Shs200 million to Shs800 million, the loan portfolio expanded from Shs700 million to Shs2 billion, the share capital rose from Shs150 million to Shs495 million and membership nearly doubled, from 2,000 to 4,500.

Digital platforms have allowed members from distant areas, including Kampala, to join and transact without traveling. "Even farmers far away can deposit, withdraw, and check balances from their phones," Akankwasa says.

Overcoming resistance

He notes that at first, members and board members resisted the change, fearing fraud and balking at system charges. But once they experienced faster loan approvals, instant notifications, and reduced travel costs, attitudes shifted.

"Technology has given members a true and fair view of their accounts," Akankwasa notes.

When it comes to costs versus benefit, there, he notes that while system procurement and subscription fees seemed burdensome initially, the SACCO quickly realised the benefits outweighed the costs. Mobile banking transactions generate commissions, turning the system into a revenue stream.

"Last year, after covering all costs, we made a profit of over Shs10 million from the system," Akankwasa reveals.

Nyabyumba Farmers SACCO view digitalisation as the cornerstone of its success. With portfolio-at-risk reduced to 10.5 percent and a target of 5 percent by year's end, the institution is confident in its trajectory. "We are refining our digital systems to minimise errors and maximise growth," Akankwasa says.

The shift to digital banking has not only transformed service delivery but also created new revenue streams.

"On those SMS alerts, there is a commission we receive. So the system makes money for the institution," Mr Akankwasa says.

Beyond revenue, digitalisation has cut costs. "If we needed 10 staff before, now we can operate with five. We save on labour and transportation because I can monitor branch activity remotely. The system is of merit, and Nyabyumba cannot operate without it," Akankwasa adds.

Challenges

Internet connectivity remains a challenge, especially in rural areas like Kabale. Resistance to change also slowed adoption, with members and board members initially fearing fraud or

high costs. "At first, members saw system charges as burdensome. But once they experienced faster loan approvals, instant SMS alerts, and reduced travel costs, they embraced it," Akankwasa says.

Mandatory SMS notifications are covered by the SACCO, while optional alerts are paid for by members. "We are working to balance costs and benefits, but overall, digitalisation has given us a robust system. It is the cornerstone of our growth," he concludes.

For those at the bottom of the financial pyramid, savings and credit cooperatives (SACCOs) serve as their link to the financial system. However, the rural landscape of Kigezi presents challenges, with geographical distance cutting many individuals off from services. Technology is essential for bridging that gap.

To fully embrace financial technology, even the rural population must adapt to new methods, though this uptake has been slow. Nationally, smartphone penetration is still only 16%, which means many rural users rely on USSD-based services to access SACCO innovations.

Mr Emmanuel Nkurikiyimana, general manager of Chahi Dukore SACCO Ltd in Kisoro, states: "Some members are not informed about how to use these digital platforms. People may have money, but they often have a mentality of keeping their savings at home instead of depositing them."

Mr Darius Bushande, branch manager of Rukiga SACCO in Rubanda, highlights the impact of digitisation on rural banking. Farmers now use ordinary mobile phones — not necessarily smartphones — to make deposits, withdrawals, and check account details conveniently from home. This has reduced travel costs and made services more accessible, even for those in remote areas.

The technology is simple, relying on USSD codes rather than internet access, making it easy for customers to adopt. Transaction costs are manageable, and the system has helped expand financial inclusion to both men and women, especially those deep in villages.

Currently, Rukiga SACCO has over 2,000 members, with about 10 percent actively using digital services. This translates to roughly 50 mobile money transactions per day. Since adopting digital systems, the SACCO has seen significant growth in profitability, earning around Shs3 million per month from transaction fees, revenue that did not exist before.

Digitisation has also improved loan access and repayment, making it easier for customers to borrow and settle obligations. Overall, Bushande notes that the system has boosted efficiency, expanded membership, and strengthened the SACCO's financial performance.

For upcoming cooperatives considering digitalisation, Akankwasa emphasizes the importance of setting priorities.

"A system is a management tool and an internal control system that provides a true and fair view of the institution. Manual processes are prone to errors and can lead to biased reports. No cooperative will grow if it does not embrace technology," he states.

Nyabyumba uses a cloud-based system that is compatible with ordinary phones and computers, making it accessible even to farmers using basic devices.

"It helps mobilise resources and generate income. Even affordable phones costing between Shs20,000 and Shs30,000 can access services through USSD codes," Akankwasa explains.



Village Saving Loan Associations have helped barley farmers to plan for their production and improve their livelihoods. PHOTO/RACHEAL NABISUBI