

Abstract

Savings and Credit Co-operative is a financial institution that is owned and controlled by its members and operated for the purposes of promoting thrift, providing credit at low interest rates and providing other financial services to its members. Over the years the SACCOs expanded financially and even started banking like services which were called FOSA in attempt to increase efficiency in services delivery but instead led to illiquidity, capital inadequacy, poor credit management and low confidence among members. The rapid growth and such failures in the SACCO Sub-sector created the need for SACCO Specific legislation hence the enactment of the SACCO Societies Act (2008) to specifically regulate and supervise their operations. The purpose of this study is to establish the effects of Prudential Regulatory Standards on Financial Performance of Deposit taking SACCOs in Kenya. More in detail the study ought to establish the effect of liquidity management regulatory standards; loan provisioning requirements and core capital regulatory standards on Financial Performance of DTS. The relevant literature was reviewed to ascertain the knowledge gap left by earlier scholars. The target population of the study will be all 175 DTS registered and operate in Kenya which will be obtained through random sampling using Comparative research design. Secondary source of data will be used and data analysis will be done using both descriptive and inferential statistics with the aid of SPSS. The study findings indicated that Liquidity ratio as recommended by SASRA had the highest effect on financial performance of DTS in Kenya in Pre PRS era. Liquidity ratio and Loan allowance both had a high effect on financial performance of DTS in Kenya in Post PRS era. Further research should be conducted in the areas relating to risk management framework because DTS like any other financial institution are affected by risk factors and expound on other measures of performance.