

FINANCIAL RISK MANAGEMENT AND PERFORMANCE OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NAKURU EAST SUB COUNTY, KENYA

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ABSTRACT

Financial risk management is a priority for all managers in financial institutions. Institutions that embed the right financial risk management strategies into business planning and performance management are more likely to achieve their strategic and operational objectives. The purpose of the study was to investigate the effect financial risk management on performance of Deposit taking SACCOs in Nakuru East Sub-County. The study was specifically sought to assess the influence of financial risk identification methods, to examine the influence of financial risk assessment techniques, to assess the influence of financial risk monitoring procedures and to find out the influence of financial risk mitigation measures on financial performance of SACCOs. The study adopted a descriptive research design with the population comprising all the 15 SACCOs in which 3 employees were targeted making a total number of 45 respondents. A questionnaire with closed ended questions was used to collect primary data. Secondary data was collected from the financial reports from each SACCO for the period ranging from 2010-2014. Data was analyzed using SPSS Version 21. The study found that all the SACCOs had highly adopted financial risk management practices to manage financial risk and as a result the financial risk management practices comprising of; risk identification, risk monitoring, risk assessment and risk mitigation, had a positive correlation to the performance of SACCOs in Nakuru. The study recommends that risk management techniques should be emphasized and utilized more effectively by SACCOs in Kenya.

KEYWORDS: Risk Identification, Risk Assessment, Risk Monitoring