



Technology in Co-operatives Sector, Assessing Viability

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Definition of Technology

The purposeful application of information in the design, production, and utilization of goods and services, and in the organization of human activities.

(Businessdictionary.com)



Why technology?

Technology helps businesses in a number of ways that generally center on doing things;

- ✓ Better,
- ✓ Faster,
- ✓ Cheaper,
- ✓ Convenient

AREAS WHERE TECHNOLOGY CAN BE ADOPTED IN A CO-OPERATIVE

1. Members recruitment
2. Information Management and Reporting
3. Marketing
4. Efficiency in operations
5. Debt/Default Management
6. Enhancing Customer Service/Experience

AREAS WHERE TECHNOLOGY CAN BE ADOPTED IN A CO-OPERATIVE (Cont.)

- 7. HR Management
- 8. Meetings Management
- 9. Members Education
- 10. Other Stakeholders Relations
- 11. Cost Management/Competitiveness

Members Recruitment

- (a) Wider outreach (Websites, Social Media Platforms, etc).
- (b) Ease of joining a Sacco (integration with Integrated Population Registration Services).
- (c) Access to Diaspora. According to Global Knowledge Partnership on Migration and Development report by World Bank, in 2018 Kenya's diaspora remittances were Ksh.280 billion (higher than Ksh.242 billion total for other Eastern African countries. This was 38% growth from 2017.
- (d) Generation Y (born between 1980 to 1996) and Z (born 1997 to date).



Facts About Generation Y and Z

(CISCO Connected World Technology Report)

- (a) 91 percent of Generation Z have their digital devices in bed in the evening.
- (b) In the AM 54% look at their mobile phones (email, WhatsApp, Facebook, etc).
- (c) 48% would sacrifice sex for a month instead of a phone.
- (d) 40 percent of Generation Z say working Wi-Fi is more important to them than working bathrooms.
- (e) 32 percent of Generation Z would rather go three days without a shower than go a week without their phone.

Information Management and Reporting

- (a) From physical files to digital files (EDMS).
- (b) Online updating (saving of time and human resource).
- (c) Timely reports
- (d) Business intelligence reports



Marketing

1. Technology has reduced the world to a small village in our hands.
2. 76% of Gen Y and Z choose a phone over a TV.
3. Over 50% of Gen Y and Z have 10 or more personal Apps (tough competition).

Efficiency in operations (Ease of Transacting)

1. Hard copies of loan forms vs online loan application.
2. Ease of mobilizing deposits through mobile platform. Also access in case of withdrawal.
3. Ease of giving instructions by members (e.g. Variations, new accounts, transfer of funds between accounts, etc).

Income maximization and cash-flow management

1. E-Loan accessible to all.
2. Transaction fee.
3. Cash-flow retention in the Sacco (e.g. Approved loan accessed over a period of time). Cash retained can be turned over to grow income.

Default Risk Management

1. Ability to classify members according to their employer and establish the risk level of each class to be used in granting them loans.
2. With technology, a Co-operative can establish credit rating of individual members and therefore avail them credit based on the rating.

Enhancing Customer Service/Experience

1. Automated customer service (devoid of attitude, moods, fatigue, etc).
2. Update to members at different steps on the process of their applications(received, appraised, credited to account).
3. Timely feedback about service given (prompted feedback after every service). Many times management commit to do customer survey but the year ends without doing it.

HR Management

1. Attendance (free from manipulation).
2. Staff Performance Management (linked to the strategic objectives).
3. Staff Leave.
4. Taxation and compliance (accuracy, prompts on timelines, record keeping, etc.).
5. Skills management and Training (Keeping of records, ease of review and follow up).

Members Education

1. Improved education and training to members through use of technology and ICT enabled skills development support. (members' portal for training and evaluation).
2. Frequently asked questions

Other Stakeholders Relations

1. Pre-qualification of service providers.
2. Suppliers management (Requisition, LPO, Delivery of goods/services, Invoices, Discounts, Due dates).
3. Applicants for vacant positions – Technology helps to analyze applications and filter based on set criteria.

Cost Management/Competitiveness

1. Lower operational cost.
2. Monitoring expenditure against budget.

Areas where Co-operatives can compete

1. Mobile Loans (competition is coming from unexpected quarters).
2. Overdrafts (Saccos know their members better than other lenders and should trust them enough to help them out).
3. Airtime (Break bulk and share discount with members).

Management of Meetings

1. Board meetings through E-board application (ease of reviewing reports beforehand and making comments, storing board minutes and papers, ease of retrieval/reference, prompts for meetings and actions needed).
2. Management meetings – allows for contributions ahead of physical meeting making the meeting effective.
3. AGM - online registration of attendance and streaming of deliberations (timesaving, accountability/controls, no distance limitation).

CHALLENGES FACED BY SACCOS IN ADOPTING TECHNOLOGY

- ✓ Internal Politics and vested interest.
- ✓ Fear of change.
- ✓ Lack of desire for high performance.
- ✓ Poor Systems Support.
- ✓ Poor Core System Integration with other applications such as mobile banking, CRM, Procurement, HR (leads to multiple systems, manual interventions, reconciliation issues, etc),

CHALLENGES FACED BY SACCOS IN ADOPTING TECHNOLOGY (Contd.)

- ✓ Cost of Technology.
- ✓ Low technological knowledge among Staff and Board (31% of ICT skills shortage in senior management level).
- ✓ Cyber Security:
 - (a) Saccos are the new Phishing ponds for cyber criminals.
 - (b) In a Sacco Cybersecurity Report 2018 by Serianu, 40% of staff trained only if there is a problem, 24% never trained, 10% trained monthly, 1% Staff trained weekly).



FUTURE OF TECHNOLOGY IN COOPERATIVES

- ✓ Electronic voting.
- ✓ Electronic Board evaluation.
- ✓ Online member training/development and evaluation for leadership roles.
- ✓ Customized products/services to suit specific member needs.

Thank you

Q & A