



# From Lending Circles to SACCOs: The Quiet Shift as Moneylenders Become Structured Financial Institutions.

E-Book



- 1** Uganda's Quiet Financial Transformation.  
Why Moneylenders Have Been the Backbone of Communities.
- 2** Regulatory Shifts and the Decline of Informal Lending.  
The Rise of SACCOs: Structure, Governance & Growth.
- 3** Growing Pains: When Excel Can No Longer Sustain a SACCO.
- 4** Digital Transformation for SACCOs: SaccoSys Software Advantage.
- 5** Where Does Your SACCO Stand?
- 6** Call to Action: Start Your Digital Journey.

# Table of Contents

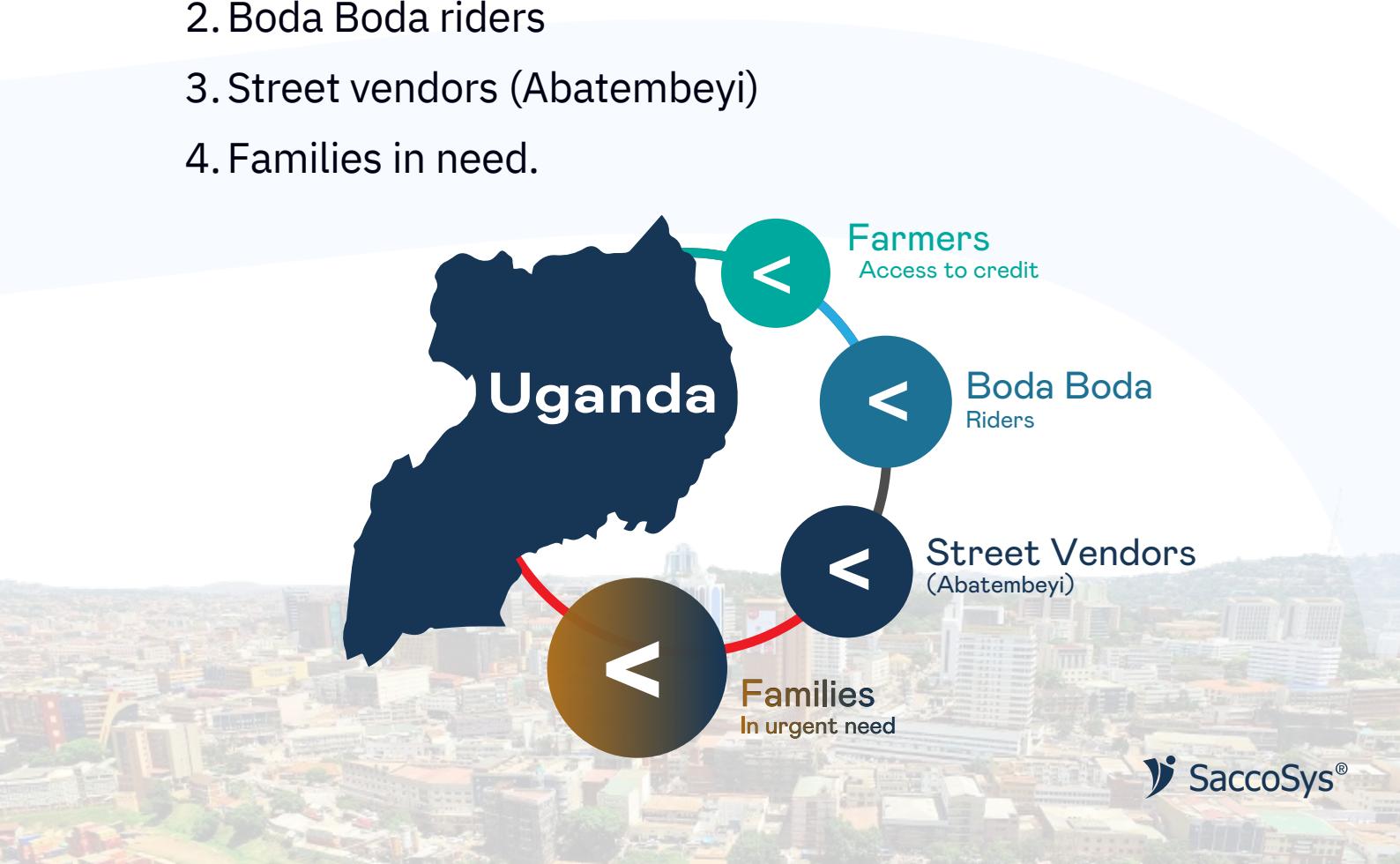
# Introduction:

## Uganda's Quiet Financial Transformation

Across Uganda, in cities like Mbarara, Kiruhura, Buhweju, trading centres and deep in the villages a quiet financial transformation is happening.

For decades, moneylenders and informal saving groups have kept communities moving. They have filled gaps that banks could not, by offering quick loans to;

1. Farmers
2. Boda Boda riders
3. Street vendors (Abatembeyi)
4. Families in need.





**Times  
Have  
Changed!**

# Regulatory Shifts Redefining Informal Lending

Regulatory reforms have tightened the space in which informal lenders operate. In November 2024, the government issued a legal notice under the Tier 4 Microfinance Institutions and Moneylenders Act, capping moneylenders' interest rates at

- **2.8% per month** and
- **33.6% per year.**

This marked a major shift as interest rates that once allowed to fluctuate widely are now strictly controlled.

## What's the Impact?

With these new regulations, informal lending has become less profitable and, in many cases, unsustainable. Many moneylenders have realized that operating outside formal structures is no longer viable. To survive, they are transitioning into Savings and Credit Cooperative Organisations (SACCOs), where operations are structured, governance and accountability are clearer & long-term growth is achievable.

# Growth comes with its own challenges!

It's a given—growth undoubtedly comes with its challenges. As moneylenders transform into SACCOs, their administrative demands increase.

**Very quickly, the tools that once worked, especially**

Excel spreadsheets, begin to;

- **Break down**
- **Errors increase**
- **Reporting slows**
- **Decision-making becomes stressful and ultimately,**
- **Service delivery suffers**

**This is the point where growing SACCOs begin to feel overwhelmed.**

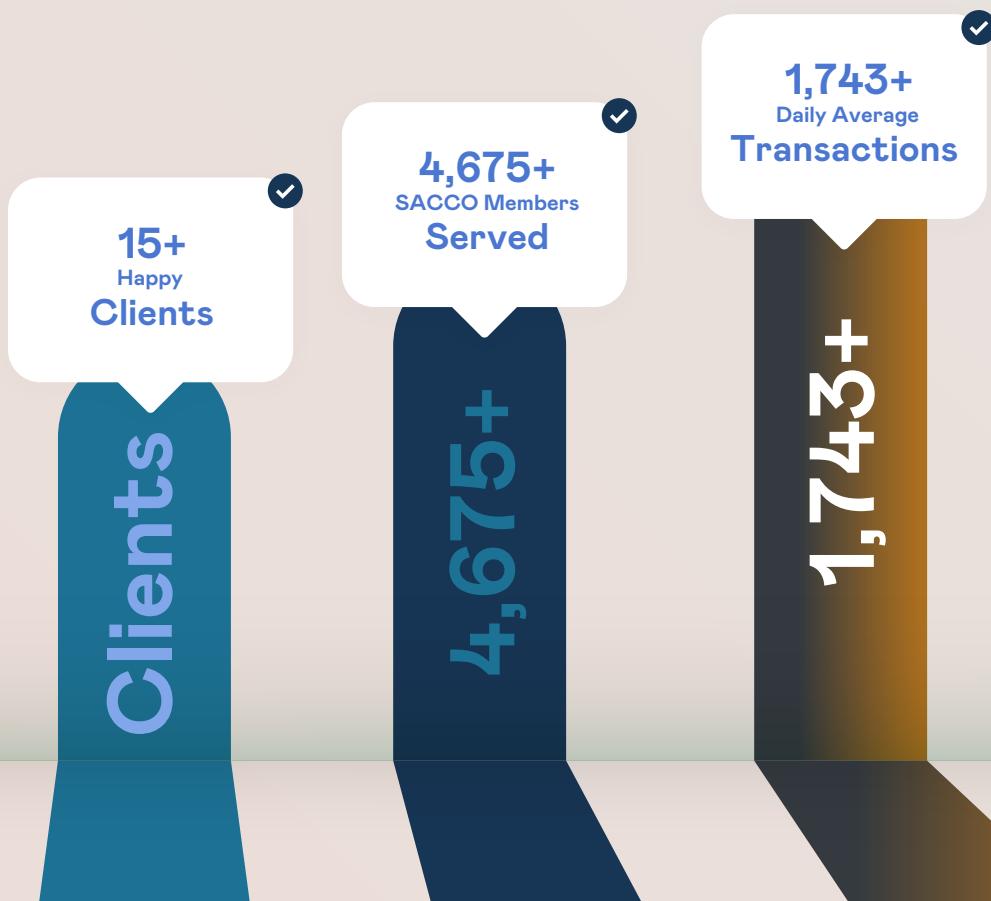
**After all, you can't build tomorrow's SACCO with yesterday's tools.**

And that is precisely where SaccoSys steps in.



# SaccoSys: The Digital Partner for Modern SACCOs

SaccoSys is more than software, it is the digital backbone designed for Company SACCOs, Microfinance Institution, Saving Groups, Youth & Village Savings and Loan Associations (YSLAs & VSLAs) and regular SACCOs like yours. It helps you to manage members' accounts, loans, savings, fixed deposits, withdrawals, mobile banking, external bank loans, investments, SMS loan reminders and reporting with the confidence of a modern financial institution.



# Where Does Your SACCO Stand Today?

Whether your SACCO began as a moneylending business or a village saving group or a church or company group, the future demands a technology partner that grows with you. **Start your SACCO's digital transition with SaccoSys**





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QUALITY DELIVERED

SaccoSys is not a SACCO but a financial technology company. Banking services are provided by the SACCOs we support.