Abstract

The deposit-taking Savings and Credit Cooperatives (SACCOs) sector is a crucial component of the financial industry contributing significantly to Kenya's economic growth. However, there is still a challenge on adequate regulatory to enhance compliance given that majority of the SACCO members are small and thus may be technically and financially constrained to meet the tight liquidity requirements set by SASRA. The general objective of this research inquiry was to explore the effects of capital composition (structure) decisions on the institution's financial stability. The study used a populace of one hundred and seventy-four Deposit Taking Savings & Credit Co-operatives Societies (DTSs) that filed their report for the period ranging from 2014 to 2018 was considered. Data analysis was done through inferential and descriptive statistics. The correlation and regression features of the Statistical Package for Social Sciences (SPSS) Version 20 were used in the analysis of data. The data showed a degree of variation between the capital structure decision of the deposit-taken SACCOs in Kenya. There was a positive correlation between the institutional capital and institutional capital to total assets ratio, core capital, total deposits ratio, and total assets to total loans ratio. This study will provide academics and other researcher with relevant information regarding the influence of financing approaches on the growth of deposit- taking SACCOS in Kenya and will help the management of the deposits and credit cooperative societies in implementing viable financial guidelines.