

BIBLIOGRAPHY

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Adviser: Marie Klondy T. Dagupen, PhD

ABSTRACT

This study was conducted in Camp Bado Dangwa, La Trinidad, Benguet in July 2007 to determine the profile of the loans of members of the PRO-COR-EMPUC, the loan repayment performance of the loan borrowers, the problem encountered by the borrowers, causes of loan delinquency and to determine some alternative measure to improve credit repayment performance of loan borrowers to PRO-COR-EMPUC.

The sources of data in the study were 50 respondents who were chosen at random. The data were gathered through survey questionnaire.

Majority of the respondents were females, married and had reached college education. The community availed loans were the providential for child educational and for medical. A borrower should submit to the before one could avail of the loan. Requirements include pay slip, authority to cooperative requirements deduct, promissory note, project proposal and deed of assignment of salary.

The PRO-COR-EMPUC offered only short term loan grants from one to three months.

The credit committee approves the loan and loan were release upon approval if funds are available. For the payment of interest most of the borrowers pre-deduct from the loan borrowed while the other borrower paid upon maturity.

The repayment of loan by the loan borrowers were through the PRO-COR-EMPUC collector or pay personally to the cooperative. Most of the borrowers were reminded of their balance when it is due through either letter or phone. Seventy two percent of the respondents were able to pay their loan on the due date and the source of funds by the loan borrowers were from their salaries.

The identified problems during loan application were long duration of loan processing, delayed loan approval, many requirements to accomplish, distance of the Cooperative, unawareness of the procedures in borrowing, and limited money available for lending, as for loan release were delayed of repayment, borrowers cannot pay due to financial constraints and some have to pay bills for hospitalization or education.

Factors affecting loan delinquency like unexpected family problem, commitments with other lending institutions and the term is not enough.

The cooperatives should still find ways to improve their management practices, operations and policy implementation. Continues education not only the officers but also to the members should be done.

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INTRODUCTION

Rationale of the Study

The Philippine National Police Regional Office Cordillera Employees Multipurpose Cooperative (PRO-COR-EMPUC) was established through the initiative of the Officer of the Director for personnel and Records Management (ODPRM), National Headquarters by virtue of a Memorandum dated February 28, 2001.

PRO-COR-EMPUC started the concept of lending through Paluwagan system, after the formulation of the Constitution and by-laws. Out of the 31 incorporators, nine (9) members paid-up share capital of Php 500, a total of Php 4,500. From July to February 2007, membership increased to 343 members and the membership share capital increased to Php 811,964.04.

PRO-COR-EMPUC was duly registered with the Cooperative Development Authority (CDA) on June 29, 2001, under Republic Act 6933. The members of the cooperative are the Police Non-Commission Office (PNCO), Police Commission Office (PCO) and Non-Uniform Office (NUP), retired personnel and their dependents.

The purposes of organizing the PRO-COR-EMPUC were to encourage thrift and savings mobilization among its members, capital formation, to provide loans at reasonable cost to its members, to provide related services for the members, for self governance and to improve socio and economic status of members.



Statement of the Problem

The study sought answer to the following questions:

1. What is the profile of the loans of members of the PNP Regional Office Cordillera Employees Multipurpose Cooperative (PRO-COR-EMPUC) as to:
 - a. Purpose of loaning
 - b. Requirements in borrowing loans
 - c. Maturity of loan
 - d. Duration of loan processing
 - e. Methods of loan release
 - f. Interest of loan
 - g. Amount of loan
2. How do borrowers repay their loans as to:
 - a. Means of repayment
 - b. Methods of repayment
 - c. Timelines of repayment
 - d. Sources of funds for repayment
3. What are the problems encountered by the borrowers in the following stages:
 - a. Loan application
 - b. Loan released
 - c. Loan repayment
4. What are the factors affecting loan delinquency?
5. What are the alternative measure to improve credit repayment performance.



Objectives of the Study

The study aimed to:

1. Determine the profile of the loans of members of the PNP Regional Office Cordillera Employees Multi-purpose Cooperative (PRO-COR-EMPUC) Cooperative as to:
 - a. Purpose of loaning
 - b. Requirements in borrowing loans
 - c. Maturity of loan
 - d. Duration of loan processing
 - e. Methods of loan release
 - f. Interest of loan
 - g. Amount of loan
2. Determine the loan repayment performance of the loan borrowers as to:
 - a. Means of repayment
 - b. Methods of repayment
 - c. Timeliness of repayment
 - d. Sources of funds for repayment
3. Determine the problems encountered by the borrowers in the following stages:
 - a. Loan application
 - b. Loan released
 - c. Loan repayment
4. Determine the factors affecting loan delinquency.
5. Determine the alternative measures to improve credit repayment performance.



Importance of the Study

The findings of the study is hoped to serve as reference for the PRO-COR-EMPUC and its borrowers to improve credit operations and lending practices and also for different credit institutions.

Likewise, this study is hoped to serve as reference for students of economics, extension and agribusiness who may be interested in conducting similar studies.



REVIEW OF LITERATURE

Nature of the Cooperative

The Cooperative Code of the Philippines (1990), states that cooperative is a duly registered association of persons, with common bond of interest, who have voluntarily joined together to achieve a lawful common social and economic end, making equitable contributions to the capital required and accepting a fair share of the risk and benefit of the undertaking in accordance with the universally accepted cooperative principles (Pimentel, and Cua, 1994).

Purpose of Member in Availing Loan

The purpose of money is to facilitate the transfer of value over space and time. In other words, we use it to exchange wealth geographically, and to provide for future payment. Without money, which is in effect an intermediate good used for trading, it would become very difficult to have a division of labor, i.e., specialization, and everyone's standard of living would suffer.

Some small businesspersons cannot understand why a lending institution refused to lend them money. Others have no trouble getting funds, but they are surprised to find strings attached to their loans. Such owner managers fails to realize that banks and other lenders have to operate by certain principles just like other types of business (www.How.to device.com./borrowers, 2006).

The ADB (1987), stated that granting loans and financing projects of the banks aimed at improving the facilities, education, and improve physical amenities; they added



that higher productivity and higher incomes for small farmers and landless peasants are among the anticipated benefits from loans.

Likewise, the commercial borrowers use loans to finance their commercial business such as sari-sari store, restaurant /eatery, vegetable trading, dry goods stall, shoe repair shop, auto repair shop and other commercial activities.

Repayment Capacity of Borrowers

Repayment capacity is the major basis in the determination of the amount of loan granted. These represent the person's ability to use and manage credit wisely as measured by the stable and reasonable amount of profit (Dumagat, 1977).

Singh (1977), further stated that the repayment capacity is a test of economic feasibility if the loan can be repaid without difficulty.

It is generally attained if an investment is profitable. The poor repayment ability of a farmer maybe due to the following:

- a. Small size of farm business which gives a small income
- b. Low production due to poor land
- c. Low prices of farm products, distress sales and low infrastructure
- d. High production cost
- e. Diversion of loans for importation purpose and high cost of living.

Furthermore, Sacay (1985) cited that the factors affecting repayment but were outside the control of the program participants included calamities, small size and low market price, they added that findings in the impact.

Agustin (2000), found out in her study that majority of his respondents said that



training decreases delinquency rate while the rest of the respondents said that training did not bring down delinquency rate. However, those respondents who agreed that rate went down due to trainings supported their answers with the following reasons: members of the cooperative became aware of their duties and responsibilities as a member and became aware of their benefits from the cooperative.

This implies that most members of both types of cooperatives have understood the advantages of paying their loans at maturity date.

Problems Encountered

According to Dequit (2003), in the loaning process, people in the rural areas hardly have any access to institutionalize credit facilities to reasonable term. The cover risk of loans practically deprives the small farmers of the services of the usual credit system.

David (1990) offered some guidelines to loaners, this include: a) devising a supervision of credit to fit the needs of the farmers, and b) guidance of farmers from farm production to marketing of products by bank technicians.

Reasons for Loan Repayment Delinquency

Based on the study of Ganawed (1997) and Cawaon (1982) loan delinquency was due to high cost of production, low production output, low market price of crops and money was used for other purposes. Ganawed further mentioned that in her study on the Cooperative Bank of Benguet, she found out that the most contributory factor to non-repayment of farmer borrower was the diversion of loaned amount to non-farm expenses



like food, building or repair/improvement of a house and recreation.

Brazil (2002), stated that most farmers are incapable of paying their loans for the reason that there is low rate of production, lack of market and low level of capacity among members. The study found out that this was due to improper farm management, which means that the farmers did not use high yielding seeds, did not follow the required fertilizer and lack of irrigation facilities.

The low repayment of borrowers was attributed to the low department repayment capacity of the farmers due to unfavorable farm credit business and poor administration with the failure of the credit function, the marketing operation also suffered delinquent borrowers did not deliver their crops to there FACOMA'S, and the volume of marketing business declined as the clientele was limited to non-delinquent borrowers and non-borrowers. Many FACOMA'S were found to be loosely organized and financially incapable of assuming the risks associated with the loaning operations and unfavorable external competition (Abasolo et. al, 1996).

Supanga (2002) further enumerated the common causes of ,loan delinquency as irrelevance of loan policies, irresponsible processing system, weak collector system, lack of security on loans, poor example of officer, several loans and lack of cooperative education.

Definition of Terms

Loan – borrowed money or goods from the cooperative where a certain interest is added

Profile- background information about the respondents and cooperative

Maturity date – the date when the full loan is due to be paid.



Delinquent loan – loan where the borrower is late in paying the loan.

Default loan – one where the borrower cannot or will not repay at all

Loan Repayment- it is a extinguishing liabilities



METHODOLOGY

Locale and Time of the Study

The study was conducted at the PNP PRO-COR-EMPUC located in Camp Bado Dangwa , La Trinidad, Benguet from April 2007 to May 2007.

Respondents of the Study

The respondents of the study were chosen from the members of the cooperative. The manager, officers and staff of the cooperative were also interviewed. There were 50 respondents chosen at random.

Methods of Data Collection

Such respondent was given a questionnaire to fill up under the supervision of the researcher. The manager and other key officers of the cooperative were interviewed to provide other information that is important for the study.

Secondary data like annual reports and brochures of the cooperative was also referred to.

Data Analysis

The accomplished questionnaires were tabulated and analyzed based on the objectives of the study using frequency and percentages.



RESULTS AND DISCUSSION

Profile of Respondents

The respondents were the member-borrowers of the PRO-COR-EMPUC cooperative. Table 1 presents the age, sex, civil status and educational attainment of the respondents.

Age. Majority (66%) of the respondents were between the age of 31-40 years old followed by the age bracket of 20-30 years old with 22%, while the 40-50 yrs old were the least in number with 12%.

Sex. Majority (68%) of the respondents are female and only 42% are male.

Civil status. Seventy (70%) of the respondents were married, while 30% were single. This indicates that majority of the member-borrowers have families to support.

Educational attainment. Most (90%) of the respondents have gone to college, 4% have finished secondary school while 6% acquired a vocational course. As such, it is expected that members have better understanding on cooperative laws and policies.

Table 1. Respondent\ profile

PARTICULAR	FREQUENCY	PERCENTAGE
Age		
20 – 30	6	12
31 – 40	33	66
41 – 50	11	22
TOTAL	50	100



Table 1 continued

PARTICULAR	FREQUENCY	PERCENTAGE
Sex		
Male	21	42
Female	29	58
TOTAL	50	100
Civil Status		
Single	15	30
Married	35	70
TOTAL		
Educational Attainment		
Elementary	0	0
Secondary	2	4
College	45	90
Vocational	3	6
TOTAL	50	100

Types of Loan Availed by the Respondents

The respondents availed themselves of productive and providential loans. A Providential loan is offered for multi-purpose uses such as education, medical or hospitalization and other purposes. This type of loan is available to all members. On the



other hand, productive loan includes merchandising, sari-sari-store, dry goods entry and other purposes.

Table 2 shows that most (98%) of the members availed themselves of the providential loan composed of 68% educational loan, and 28% medical loan. The least availed loan was the providential loan at and this was used for merchandising (4%).

This implies that most of the borrower's availed themselves of the providential loan.

Table 2. Types of loan availed by the respondents

TYPE OF LOAN	FREQUENCY	PERCENTAGE
Prudential		
Educational	34	68
Medical	14	28
Productive		
Merchandising	2	4
TOTAL	50	100

Requirements in Borrowing

As one of the lending institutions, the Police Regional Office Cordillera Employees Multipurpose Cooperative (PRO-COR-EMPUC), also has requirements in acquiring loans for security purposes in case the borrower cannot pay and it is a practice



and policy of the cooperative and for record purposes. For all loan types, a borrower should submit a pay slip, authority to deduct from their salary, promissory note, project proposal and deed of assignment of salary. Furthermore, all the cooperatives said that it is necessary for all their borrowers to submit or accomplish all the requirements for loans before getting their loans be approved and released. The findings is strengthened by the findings of Labinio (2004), that the requirements in borrowing/loaning by member borrowers were promissory note and farm business plan/project proposal and capital share.

Table 3. Requirements in borrowing/loaning

REQUIREMENT	FREQUENCY	PERCENTAGE
Pay slip	39	78
Authority to deduct	4	92
Promissory note	43	86
Project proposal	2	4
Deed of assignment of salary	44	88

* multiple response

Maturity of Loans Chosen by the Borrowers.

Table 4 shows that 62 % of the respondents chose a maturity of two months, while 26% chose a maturity of three months and the rest chose a maturity of one month.



Table 4. Maturity of loans Chosen by the borrowers

MATURITY	FREQUENCY	PERCENTAGE
1 Month	6	12
2 months	31	62
3 months	13	26

Duration of Loan Processing

Table 5 shows the duration of loan processing as reported by the borrowers. Majority (52%) of the respondents indicated one to two weeks, 28% of the respondents indicated 3-4 weeks and 20% of the respondents indicated 2-3 days processing. However, there are instances that loans are not released immediately, because of unavailability of collection/funds especially if the amount being borrowed is big. The borrower may take the 1-2 weeks of waiting before they could get their loan. The result implies that the officers and credit committee acted immediately on loan applications and met regularly, the only factor that delayed release of loan is availability of funds.

Table 5. Duration of loan processing

DURATION	FREQUENCY	PERCENTAGE
2-3 days	10	20
1-2 weeks	26	52
3-4 weeks	14	28
TOTAL	50	100



Perception of Respondents on Timeliness of Loan Released

Table 6 presents that 54% of the borrowers perceived that loans are released immediately upon approval. On the other hand 46% of the borrowers responded that loans are not released immediately for the reason that the funds are not available and the credit committee have to meet first before approving loans.

Table 6. Perception of respondents on timeliness of loan released

PARTICULAR	FREQUENCY	PERCENTAGE
Loan are released immediately	27	54
Loans are not released immediately	23	46
TOTAL	50	100

Methods of Loan Release

Loans are released to borrowers either in full cash or installment (Table7). Majority (62%) of the loan borrowers received the loan in full while, 38% received their loan on installment. because they have to wait for the collections if there is no available money. This finding is the same with the result of the study of Comising (2006) that installment release of loan is practiced by the Kabayan Multipurpose Cooperative if collection is not enough for the loan to be released. Terms of installment are based on the availability of collection.



Table 7. Methods of loan release

METHODS	FREQUENCY	PERCENTAGE
Full cash	31	62
Installment	19	38
TOTAL	50	100

Manner of Interest Payment

Table 8 shows that most (92%) of the borrowers paid their interest through deduction from the loan borrowed and only 8% paid at maturity date. According to the responses of member-borrowers payment of interest is just like loan repayment because sometimes they meet also difficulty on the payment. Those who paid there interest through deduction from loan borrowed on time have their loan interest already deducted. While those who paid at maturity date paid in full cash together with there loan borrowed.

Table 8. Manner of Interest Payment

PAYMENTS	FREQUENCY	PERCENTAGE
Pre-deducted	46	92
Paid upon maturity	4	8
TOTAL	50	100



Loan Repayment Practices

Table 9 shows the ways by which the borrowers pay their loans to the cooperatives. Majority (64%) of the borrowers pay their loan through collector of the cooperative, 36% of the borrowers pay their loans by going personally to the cooperative office. Since there are only two collectors, the cooperative informed and requested their borrowers to bring their payments to their office. Moreover, the cooperative is located near the office of the members, thus, have no hard time in going to their cooperative.

Table 9. Loan repayment practices

PRACTICES	FREQUENCY	PERCENTAGE
Through collectors	32	64
Personally go to the cooperative	18	36
TOTAL	50	100

Terms of Installment

Table 10 showed that most majority (88%) paid their loan on installment basis. However, there were 12% who paid their loan upon maturity. This means that most of the members were paying their loans on installment basis. There were 88.6% who paid on installment through semi-monthly or twice a month basis, only 11.4% paid on a monthly basis. This indicates that some borrowers repaid their loan through installment term as agreed with the cooperative.



Table 10. Terms of payment

	FREQUENCY	PERCENTAGE
Twice a month	39	88.6
Monthly	5	11.4
TOTAL	44	100

Reminder about Loans

Table 11 shows that majority (64%) of the respondents was reminded of their loan or balances, While 36% mentioned that they were not reminded of their loan or balances. The result implies that the cooperatives made their borrowers aware of their due date and they give enough time for there borrowers to prepare their payments. Furthermore, the respondents were reminded through letter (54%) and through phone call (46%). The result implies that the officers utilized the formal way of reminding their borrowers through reminder letter.

The result further implies that the cooperative made their borrowers aware of their due date and they gave enough time for their borrowers to prepare their payments.

Table 11. Methods of reminder

	FREQUENCY	PERCENTAGE
Letter	27	54
Phone call	23	46
TOTAL	50	100



Causes of Loan Delinquency

Table 12 – 14 shows that 72% of the respondents were able to pay their loan on the maturity date and 28% were not able to pay their loan on time. Reasons for not paying their loan on due date was because of unexpected family problem (31%), commitments from other lending institutions (10%) and term is not enough (17%) because the money was spent for other purposes before the collector came. Source of funds for loan payment is from salaries (84%) and, borrow from others (4%). All the respondents (100%) did not sell any property to repay their loan.

The aforementioned finding is similar to the findings of Macli-ing (2002) that the failure of member to pay on time when the loan mature was due to unexpected family problem and lack of cash on maturity. Furthermore, Pilas (2007) also found out in her study that the money for payment was used for another purpose.

Since most of the respondents were employed so they depended only on their salaries as their source for loan repayment.

Table 12. Numbers of respondent who paid loan on time and not on time

PARTICULAR	FREQUENCY	PERCENTAGE
Paid loan on time	36	72
Did not pay loan on time	14	28
TOTAL	50	100



Table 13 Reason for not paying on time

REASONS	FREQUENCY	PERCENTAGE
Unexpected family problem	31	62
Commitment with other lending institutions	10	20
Term is not enough because it is used for other purposes before the collector came.	17	34

Table 14 Source of funds for repayment

	FREQUENCY	PERCENTAGE
Salaries	42	84
Borrow from others	2	4
No comment	6	12
TOTAL	50	100

Problems Encountered by Borrowers in Securing Loan

Table 15 presents the problems of the borrowers related to loan application, and loan repayment.

Loan application. The table shows that 46% of the respondents commented on the delayed approval of loan application, while 36% of the loan borrowers said that many requirements to accomplish before loan was granted. Furthermore, 10% of the respondents commented on the distance from the cooperative. Only 22% of the loan borrowers said that they were unaware of the procedures in borrowing loans and 14%



said that there was limitations by the loanable fund available. Twenty four percent of the loan borrowers commented on the installment release of loan which were inadequate to meet the needs of the borrowers.

Loan repayment. Findings further showed that 28% of the borrowers mentioned their inability to pay loan at maturity date. The reason for such inability was related to loans due in other lending institutions as mentioned by 18 of the respondents. Other reasons were due to financial constraints at the time of payment, which was identified by 26 of the respondents and 13 responded with due to bills such hospitalization and education.

These findings supports the findings of Ganawed (1991) that the common problems encountered by member-borrowers were long loan processing duration, distance from the cooperative, and limited loan funds available. In addition, Macli-ing (2002) also corroborated the finding that many requirements to accomplish is another problems encountered by member-borrowers.

Table 15. Problems encountered by borrowers in securing loan

PROBLEMS	FREQUENCY	PERCENTAGE
Loan application		
Delayed processing and approval	23	46
Many requirements to accomplish	18	36



Distance from the cooperative	5	10
Unawareness on the procedures in borrowing	11	22
Limitation of funds available for loans	7	14
Installment released of loan to meet needs	12	24
<hr/>		
Loan repayment		
Many commitments from their lending institutions	18	36
Financial constraints at the time of repayment	26	52
Bills to pay i.e hospitalization, tuition fees	13	26
<hr/>		

Alternative Measures to Improve Credit Repayment Performance.

Table 16 shows the alternative measures to improve credit repayment performance of loans. The respondents mentioned two factors to improve repayment performance like education and proper management.

Education. One way to improve credit repayment performance of loan borrowers is through education. Most (78%) of the respondents mentioned that there should be continuous education of members, officers and staff, while 68% of the respondents mentioned that they should conduct orientation and training to members, officers and staff.

Management. A finding showed that management is important to improve credit repayment performance is management. Seventy two percent (72%) of the respondents said that the officers of the cooperative should post notice of activities in advance, while 42% suggested that they should engage themselves in the cooperative activities.



Furthermore, 18% mentioned that the officers of the cooperative should mingle with the members and only 1% of the respondents mentioned that the officers and members should develop harmonious relationship. Moreover, they should respect and show good manners with co-members as responded by one percent of the respondent. There was 22% who said that the officers should motivate members to patronize the cooperative and in addition the officers should encourage active participation of members as suggested by one percent of the respondents.

Table 16. Alternative measures to improve credit repayment performance

ALTERNATIVE MEASURES	FREQUENCY	PERCENTAGE
Education		
Continuous education of members, officers and Staff	39	78
Conduct orientation and trainings to members, officers and staff	34	68
Management		
Advance notice on the activities of the Cooperative	36	72
Engage self/participate in cooperative activities	21	42
Mingle with members,& officers of the Cooperative	9	18



Table 16. continued

ALTERNATIVE MEASURES	FREQUENCY	PERCENTAGE
Develop harmonious relationship between officers and members	5	1
Respect and show good manners with co-Members	5	1
Motivate members to patronize the cooperative	11	22
Encourage active participation of members	5	1



SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

The study determined the profile of loan and repayment of borrowers of the PRO-COR –EMPUC. The specific objectives of the study were to: 1) determine the profile of the loans of members as to purpose of loaning, requirements in borrowing loans, maturity of loans, duration of loan processing, methods of loans release. 2) determine the loan repayment performance of the loan borrowers as to means of repayment, methods of repayment, timeliness of repayment and sources of funds for repayment. 3) determine the problems encountered by the borrowers in the following stages: loan application, loan release and loan repayment. 4) determine the factors affecting loan delinquency 5) determine some alternative measures to improve credit repayment performance of borrowers of the Police Regional Officer- Cordillera Employees Multipurpose Cooperative.

The research was conducted in La Trinidad, Benguet where the PRO-COR-EMPUC is located. The office is located at Camp Bado Dangwa, La Trinidad, Benguet.

A survey questionnaire was distributed to some of its members and also the manager of the Cooperative and data gathered was validated through personal interview during the collection of the questionnaires. Respondents of the study were 50 cooperative members and the manager. The data gathered were tabulated and analyzed with the aid of frequencies and percentages.

The types of loan granted by the PRO-COR–EMPUC were productive loan and Providential. The amount granted depended on the capacity of borrowers.



The major requirements in granting loans were payslip, authority to deduct, promissory note, project proposal and deed of assignment of salary. These requirements were very important for security of the PRO-COR-EMPUC, which means that if the borrowers failed to pay loans for a longer period of time with all the conditions given, the collateral can be foreclosed and owned by the PRO-COR EMPUC. This is also a traditional practice in lending operation.

For the terms of loan granted, the PRO-COR-EMPUC offered only short term loan grants from one to 3 months.

As to release of loan, most of the borrowers immediately received their loan in full cash upon approval.

For the payment of interest, most of the borrowers paid pre-deducted while the other borrowers paid upon maturity.

The repayment of loan by the loan borrowers were through the PRO-COR-EMPUC collector. Some borrowers paid their loans by going personally to the office of the PRO-COR-EMPUC, while others paid their loan through a messenger. Most of the borrowers were reminded of their balance when it is due through either letter or phone.

Regarding their repayment performance, most of the borrowers were able to pay loans upon maturity. On the other hand, some were not able to pay because of reasons like unexpected family problem, commitments with other lending institutions, and the term is not enough because the loan was used for other purposes. The sources of funds by loan borrowers were from their salaries as mentioned by most of the borrowers, Moreover, the borrowers were not forced to sell any property to repay their loan.

The identified problems during loan application were long duration of loan



processing, delayed loan approval, many requirements to accomplish, distance of the cooperative, unawareness of the procedures in borrowing, and limited money available for lending.

The problems encountered with loan release were delay of loan and installment release of loan, which is inadequate to meet the needs of borrowers.

As to loan repayment, borrowers who have loans due in other lending sources have difficulty in coping with loan repayments. Some cannot pay due to financial constraints at the time of payment, while some have to pay bills for hospitalization or education.

Conclusions

1. Most borrowers use loan for education and medication. Very few borrow for productive purposes or investment.
2. Requirements for loan processing are similar with other lending institutions. An added requirement is authority to deduct from salary. Loans are generally released with one to two weeks.
3. Most borrowers prefer two months payment of their loans on twice a month basis.
4. Most borrowers of the PRO-COR-EMPUC paid their loan on time. Late payers are generally those who have loans from other sources.

Recommendations



1. Members should be encourage to borrow for investment purposes.
2. Borrowers should be taught to spend money wisely according to its purpose and make them aware the PRO-COR-EMPUC Policies.
3. With generally good loan repayments, the cooperative can focus its activities on establishing close relations with member in order to improve services.



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Republic of the Philippines
Benguet State University
College of Agriculture
La Trinidad, Benguet

DEPARTMENT OF AGRICULTURE ECONOMICS
AND AGRIBUSINESS MANAGEMENT

February 20, 2007

Mr. Felix A. Juguilon
Cooperative Manager
Police Regional Office-Cordillera
Employees Multipurpose Cooperative
Camp Bado Dangwa, La Trinidad, Benguet

Dear Sir;

Warm greetings!

I am a fourth year student taking up Bachelor of Science in Agribusiness Major in Cooperative Management at Benguet State University. To fulfill my field of study, I am tasked to conduct a research entitled "Profile of Loan and Repayment of Borrower in PRO-COR-EMPUC".

In this regards, may I request information about your cooperative such as the history of the cooperative and the list of names of the members/borrowers. I appreciate it very much if you furnish me the necessary information that I will need.

Thank you very much and God bless.

Respectfully yours,

Charlene T. Molchino
Student Researcher



SURVEY QUESTIONNAIRE

I. General Information

Name (optional) _____

Address _____

Age: _____ Sex _____ Civil status _____

Highest educational attainment

_____ Elementary _____ Post College
 _____ Secondary _____ Vocational
 _____ College _____ Others (specify) _____

II. Profile of Latest Loan

A. Type of loan

_____ Productive: _____ Educational
 _____ Medical
 _____ Providential; _____ Merchandizing
 _____ Dry goods entry
 _____ Sari-sari store
 _____ Others, specify _____

1. Purpose of loaning (answer according to type of loan borrowed).

a. Productive

_____ Education
 _____ Medical
 _____ Capital for business
 _____ Others, specify _____



b. Commercial

_____ Sari-sari store

_____ Dry goods entry

_____ Others, specify _____

2. Requirements to be submitted before borrowing loan (pls. check)

_____ Cedula/Community tax certificate

_____ TIN (Tax Identification No.)

_____ Promissory note

_____ Project proposal

_____ Others, specify _____

3. What is the maturity of the loan you acquired? (pls. check)

_____ Six months but not over 18 months

_____ Over six months but not over 18 months

_____ Others, specify _____

4. How many days/weeks/months you have been processing loan before it was released? _____

a. Are approved loan released immediately?

_____ Yes _____ No

If no, why?

_____ Funds are not available

_____ The credit committees have to meet first before approving loans.

_____ Others, specify _____

5. Methods of loan release



- _____ Full cash
- _____ Installment
- _____ Others, specify _____

6. How is the interest being paid?

- _____ Deduction from the loan borrowed
- _____ Paid of maturity
- _____ Others, specify _____

7. How much is the amount of your latest loan? _____

B. Repayment of Loans

1. How do you pay?

- _____ Through collector
- _____ Personally go to the coop for payment
- _____ Sending through messenger
- _____ Others, specify _____

2. Methods of repayment.

- _____ Full cash
- _____ Installment, How many terms? _____
- _____ Others, specify _____

3. If installment, how?

- _____ Weekly
- _____ Monthly
- _____ Quarterly
- _____ Annually



_____ Others, specify _____

a. Before the loan is due, were you reminded of your loan balance by the coop?

_____ Yes _____ No

If yes, how?

_____ Letters

_____ Contact

_____ Others, specify _____

b. Were you able to repay the loan on maturity date?

_____ Yes _____ No

Why?

b.1. _____

b.2. _____

b.3 _____

4. In case the loan is repaid, where did you get the funds for repayment?

_____ Salaries

_____ Borrowing from others

_____ Others, specify _____

a. Were you forced to sell any valuable property to repay your loan?

_____ Yes _____ No

If yes, what property? (Identify) _____

C. Problem Encountered

1. Loan application



- _____ Delayed processing and approval
- _____ Many requirements to accomplish
- _____ Distance from the coop.
- _____ Unawareness of the procedures in borrowing
- _____ Limitations on the loanable funds available
- _____ Installment release of loan which is inadequate to meet the needs of borrower
- _____ Others, specify _____

Suggestions/recommendations: _____

2. Loan repayment

- _____ Difficulty/inability to repay the loan at maturity date due to:
- () Wrong timing of collection by the collectors
- () Diversion of loans to other purposes
- () Lack of incentives for borrower to repay on time
- () Others, specify _____

Suggestions/recommendations: _____

D. Alternative Measure to Improve Credit Repayment Performance of Loans.

1. Education

- () Continuous education of members, officers and staff.
- () Conduct orientation and trainings to members, officers and staff
- () Others, specify _____



2. Management

- Early notice on the activities of the cooperative
- engage yourself in cooperative activities
- mingle with members, officers of the cooperative
- develop harmonious relationship between officers and members
- respect and show good manners with co-members
- motivate members to patronize the cooperative
- encourage active participation of members
- Others, specify _____

Suggestions/recommendations _____

THANK YOU VERY MUCH.

