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CHALLENGES OF CREDIT COOPERATIVE BORROWERS: BASIS FOR OPERATIONAL EFFICIENCY

Jayson E. Lannu

Centro Escolar Univeristy-Manila, Philippines
Graduate School, Doctor of Philosophy Major in Business Management Program
Email: jayson.lannu@gmail.com
Contact: +639061169954 ; 63 2 7950-7482

ABSTRACT

Economic development is significantly impacted by how credit is extended to individuals and small businesses to boost and mobilize entrepreneurial activities. In the Philippines, structured financial institutions such as credit cooperatives provide varied financial services but due to the tedious processes and overlapping documentary requirements, debtors are discouraged, making them more vulnerable to loan sharks. The study focused on assessing the agreement level of borrowers to their borrowing experience with selected credit cooperatives in Metro Manila. Specifically, indicators such as terms of payment or interest rates, processing, collateral or co- maker, and default policies were assessed by the respondents to establish the acceptability of these credit terms. On the other hand, the mode of payment, the professionalism of cooperative staff and facilities were also evaluated by the prospective and existing debtors. Furthermore, an interview with the cooperatives' management was conducted to validate the challenges being experienced by the borrowers.

The study employed mixed methods necessary to provide founded information from respondents' assessment and interview of credit cooperatives. The research utilized both descriptive and inferential statistics as it test the significant differences among the variables being evaluated. The results showed varied responses and an overall satisfactory assessment on the borrowing experiences. However, some areas need further improvements such as limiting the tedious processes and documentary requirements which are needed to be relaxed to encourage borrowers and improve operational efficiency of credit cooperatives.

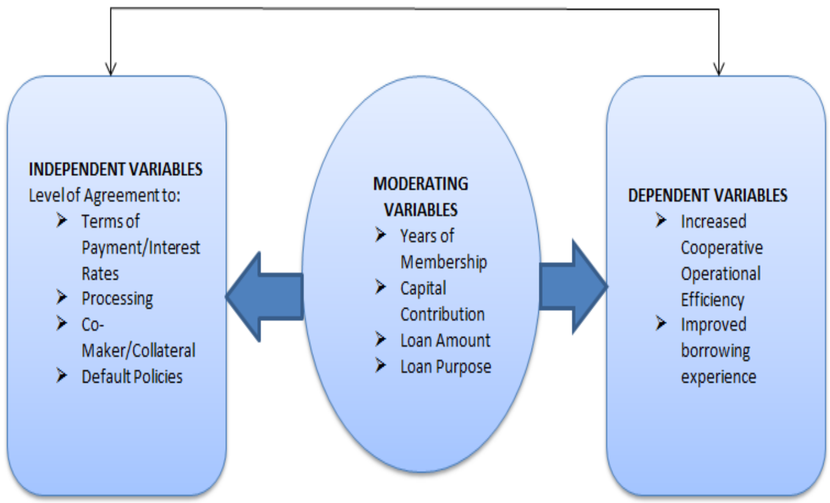
Keywords: borrowing experience, collateral, co-maker, credit cooperatives, default policies, loan processing, operational efficiency, terms of payment

INTRODUCTION

From the introduction of cooperatives to different countries across the globe, a number of researches have been conducted to determine the impact of a financial institution that usually caters to rural and urban areas which addresses accessibility to financial resources for personal expenditures, capitalization of small businesses and mobilization of economic activities within informal sectors. As the industry of cooperatives grows so did its regulation to pacify growing interest rates as well as monitor the sustainability of these entities. Hongbo (2016) assessed the increasing gap between the poor and rich despite the availability of financing facilities offered to the agricultural sector of a local farming community in China. Campillo (2017) validated through his research the social significance of cooperatives in Spain which constructs the financial and social efficiency of credit cooperatives. Wong's (2015) findings also present how cooperatives became instrumental in funding small and medium sized enterprises to stimulate innovation in its emerging market economy which laid the groundwork for stimulating economic activities within the region. Vo (2016) also discovers how Costa Rica adopted the cooperative credit facility as a financial mechanism for economic growth through community practices. Aziakpono (2014) opines that credit cooperatives are lucrative source of financial income through savings and credit in rural communities. Further, he suggests that cooperatives under good management can be used as a sustainable social conduit for financial access and social economic development among the poor. Cheng (2012) established the demand for credit rationing through microfinance facilities such as cooperatives. Another angle of topic is the proliferation of informal lenders among the informal workers in the urban and rural poor. Lainez (2014) affirmed that the state of knowledge of Vietnamese remains fragmented despite the effort of the government to improve literacy for the past fifteen years hence they still resort to high yielding informal lenders which led them to bury themselves to more debt. Abe (2013) provided suggested policies in financing small and medium businesses with the aid of cooperatives thus providing much need capital to ignite economic activities. Xiang (2014) discussed the role of non- governmental agencies in promoting utilization of cooperatives and how it affected informal lenders. Elven (2016) assessed cooperatives as a tool for savings device for both formal and informal sectors. It was found out that sectors could benefit individuals with a very varied income stream by allowing them to smooth their income in the face of shocks and to accumulate more savings in the long term through sustained membership. Riswan (2017) exclaimed that the rapid growth of modern businesses impacts significantly traditional businesses including cooperatives making cooperative more vulnerable to closures or breakdowns in rural communities. Mhembwe (2017) focused on the analyses of the role of cooperatives in sustaining the livelihood of rural communities in Zimbabwe. Cooperatives allowed small businesses to thrive and stimulate economic growth. Khumalo (2014) had a realization on the importance of cooperatives as a vital instrument for socio- economic development. He also argued that the success of cooperatives in contributing to the local economic development in South Africa is undermined by the lack of active cooperative movement. Jaeger (2016) contrasted the utilization of cooperatives versus conventional banking during the recent financial crisis in France. Results suggest that the economy of France has been resilient with the availability of funds from both cooperatives and the banking sector. Stefancic (2016) compared the role of cooperatives and banks in weathering financial crisis in Italy. It was found out that the banking sector provided more support during the financial crisis in Italy. Goel (2014) assessed the repayment performance of borrowers in cooperatives in India. He claimed that in India it is undisputed that there is no alternative to cooperatives as most of its business is informal and categorized as small businesses. Simonović (2016) gave an overview on the current situation of Serbian cooperatives that serve the agricultural sector. Results translated to policies on how to further improve the operations of these cooperatives in the rural region. Chatzitheodoridis (2016) presented rural development policies with the establishment of women's cooperative in Greece. It was assessed that cooperatives played a vital role in improving the quality of lives of residents in mountainous areas to promote economic stability. Nowak (2016) explored on the attitude of non- member and members of cooperatives in rural areas of Poland. It compared opinions among farmers from the rural area to determine how contributory they are to their organization. Lastly, Basak (2015) determined the role of urban cooperatives for financial inclusion. It was assessed that cooperatives play a positive role in achieving inclusive growth in sustaining economic growth in Bengal. Designing strategies for financial inclusion was the thrust of the study to benefit the poor and the disadvantaged.

Despite the availability of researches from the past to the most recent on cooperatives both published and unpublished journals, researchers failed to focus on sustainability issues of cooperative be it in the Philippines or other countries as manifested in the credit polices of cooperatives. There have been no researches that attempted to assess cooperatives' credit policies. Usually researchers would only limit their studies to cooperatives' socio- economic contributions to different sectors but fall short of presenting a lens that sees through different angles and perspectives such as the points of view of the cooperatives and, the borrower- members, thus the proponent spearheaedd a research that could provide a clearer picture by providing an analyses and comparison of the credit policies as well as the extent to which member- borrowers are likely to patronize cooperatives.

Conceptual Framework



The direction of the research is explicitly presented in the conceptual framework of the study with the variables identified which serve as the framework of the study. The entirety of the framework was anchored on the discussed theories and concepts to justify the proliferation of credit cooperatives. The respondents of the study were provided a clear picture on the distinct characteristics of the credit cooperatives on how credit is extended through its terms or interest rates; processing; the need for collateral or co-maker; and the default policies. On the other hand, it also intends to describe the parallelism of credit policies among cooperatives. To culminate the study, the results will serve as a basis for recommendations to intensify regulations without sacrificing business sustainability and would encourage more borrowers to credit cooperatives.

Statement of the Problem

The study focused on how borrowers perceive their borrowing experience from selected credit cooperatives.

Specifically, it sought to answer the following inquiries:

1. What is the demographic profile of respondents in terms of:
   1.1 Years of membership;
   1.2 Capital contribution;
   1.3 Loan amount; and
   1.4 Loan purpose?
2. How do the respondents assess the level of their agreement to their borrowing experience from selected credit cooperatives in Metro Manila based on the following indicators:
   2.1 Terms of payment/Interest rates;
   2.2 Processing;
   2.3 Co-maker/Collateral; and
   2.4 Default Policies?
3. What are the challenges encountered by the borrowers in terms of?
   3.1 Mode of payment,
   3.2 Staff,
   3.3 Facilities

3\. How does the management of the selected credit cooperatives in Metro Manila perceive the level of agreement and challenges encountered by the borrowers?

4\. How do the levels of agreement of the respondents of the selected credit cooperatives in Metro Manila differ when grouped according to:
   4.1 Years of membership;
   4.2 Capital contribution;
   4.3 Loan Amount; and
   4.4 Loan purpose?

METHODS

A mixed methods design was used, and it is a type of design where qualitative and quantitative data are collected in parallel, analyzed separately, and then merged. Creswell (2011) states that the use of quantitative and qualitative approaches, in combination, provides a better understanding of research problems than using either approach alone This design was adopted to establish both quantifiable data from the assessment of the participants and analytical perspectives based on gathered primary data and interview, thus establishing a cross- validated data and thereby strengthening the foundations and contentions of the results of the study. The proponent acknowledges that there are some circumstances or information from the credit cooperatives' perspectives or phenomena that are not measureable and this necessitates the extraction of insights to gauge the depth or level of understanding and appreciation on the topic tackled on this study.

There was a necessity to gather qualitative data through interview to establish an objective result on how well variables identified impact the borrowers. The qualitative data was also necessary to validate data gathered from the questionnaires providing a multi-perspective approach in identifying and resolving issues that could emerge from the study. Both kinds of data are compensating and necessary and had to be utilized for a better understanding of the research topic. Integration of both data was in a form of cross- validation to ensure that respondents were consistent with their evaluations of the credit policies of the selected cooperatives. To interpret the results of the interview conducted, axial coding was employed. Axial coding is a qualitative research technique that involves relating data together in order to reveal codes, categories, and subcategories ground within participants' voices within one's collected data. In other words, axial coding is one way to construct linkages between data.

RESULTS AND DISCUSSION

Respondents

Selected Credit Cooperatives in Metro Manila	f	%
Credit Cooperative A	100	33.33
Credit Cooperative B	100	33.33
Credit Cooperative C	100	33.33
Total	300	100.0

Primarily, the respondents were the members-borrowers of selected credit cooperatives who reside in Metro Manila and have had loans coming from these selected credit institutions. The credit cooperatives were selected randomly and the respondents from each cooperative were selected based on attributes that correspond to the data needed of the study having had first-hand experiences on borrowing from credit cooperatives.

Years of Membership

	f	%
6-10 Years	106	35.3
More than 10 Years	194	64.7
Total	300	100.0

The data reveals that credit cooperatives as a financial institution have been providing credit access to individuals who are in need of financial assistance for personal or business purposes.

Khumalo's (2014) statement on the importance of cooperatives as a vital part of the socio-economic development of any community re- affirms the existence of credit cooperative and the longevity of its operations, thus mobilizing economic activities for both rural and urban areas in the Philippines.

Capital Contribution (in Philippine Peso)

	f	%
30,001-45,000	92	30.7
45,001 and above	208	69.3
Total	300	100.0

These data attest to the statement opined by Somavia (2012) that though cooperatives, the community is given the opportunity to uplift themselves, thus making them more empowered through incremental capitalization with credit cooperatives making it easier for members to increase their capital contributions.

Loan Amount

	f	%
15,001-20,000	93	31.0
20,001 and above	207	69.0
Total	300	100.0

With the high cost of living in Metro Manila, wages of an average family are often limited given the living expenses such as housing, utilities, food, transportation, and education and miscellaneous, making it harder for families to ensure that financial obligations are satisfied. With the average amount that a member borrowed from credit cooperatives, it is a manifestation that people living in urban areas such as Metro Manila experience lack of other financial sources, thus resorting in financial institutions such as credit cooperatives.

The results coincide with the opinion of Taimi (2007) that cooperatives are in a state of growth as directly proportionate to the growth of poverty in developing countries. The higher the poverty rates, the more people are in need of finances to supplement their needs; as such the higher amount most of the respondents borrow from credit cooperatives.

Loan Purpose

	f	%
Personal Expenses	225	75.0
Business	75	25.0
Total	300	100.0

It can be cross- validated with the study of Jaeger (2016) that people utilized cooperatives than conventional banking for either personal or business purposes due to its less rigorous processes and lesser requirements.

Level of Agreement Based on Terms of Payment/Interest Rates

	Mean	Std. Deviation	Verbal Interpretation
Banks' lesser interest rates.	3.57	.496	Strongly Agree
Simple interest rates.	3.60	.491	Strongly Agree
Not immediately deducted.	3.61	.488	Strongly Agree
Acceptable grace period.	3.64	.480	Strongly Agree
Payment schemes are provided.	3.61	.489	Strongly Agree
Options on terms and rates.	3.57	.496	Strongly Agree
SMS as means of communication.	3.61	.489	Strongly Agree
Terms in writing.	3.60	.490	Strongly Agree
Loan restructuring provided.	3.64	.481	Strongly Agree
Payment in cash or other value.	3.67	.471	Strongly Agree
Overall	3.6123	.20352	Strongly Agree

Despite lower interest rates of credit cooperatives which are sometimes inherent because of the thrust of cooperatives through economic mobilization and financial inclusion, Darrant & Dicken (2009) argue that interest rate environment is fundamental to the performance and returns of any given investment. To sustain the cooperatives, interest rates must still be viable to keep the cooperative operational. Kimutai (2003) also postulates that the extension of credit to borrowers must be returned as it is considered a cost of investment. Berr (2008), on the contrary, argues that while there is much discussion of the negative impacts of regulation such as interest rates, some regulations can have a positive indirect impact on productivity and the economic activity of a community. With the positive assessment of the respondents to the interest rates of the selected credit cooperatives, it can be assumed that interest rates imposed by credit cooperatives are in conjunction to the operational needs without needing to overly charge debtors through high interest rates.

Level of Agreement Based on Processing

	Mean	Std. Deviation	Verbal Interpretation
Expedited/less than a week.	3.58	.494	Strongly Agree
Documents required.	3.54	.499	Strongly Agree
Processing fee deducted.	3.58	.494	Strongly Agree
Process is bureaucratic.	3.60	.490	Strongly Agree
Notice for approval/disapproval.	3.62	.487	Strongly Agree
Declined applications can be re- processed.	3.59	.493	Strongly Agree
Re- loan nearing full payment.	3.63	.483	Strongly Agree
Credit investigation conducted.	3.57	.496	Strongly Agree
References required.	3.65	.477	Strongly Agree
Bank records required.	3.63	.484	Strongly Agree
Overall	3.5993	.20867	Strongly Agree

Although there are many studies that deal with the lending process, in recent years, the research is focused more on the component parts of the process, rather than the whole. For example, the study of Tronnberg and Hemlin (2014), who analyzed the decision of 88 banks' officials from the four largest Swedish banks that provide loans from a psychological perspective. Firstly, they found out that the loan personnel from their sample of respondents have used specifically cautious thinking and less intuition in decision making. Secondly, the loan officers have more difficulty in determining which was related to qualitative information than the decision, which was based on quantitative.

Finally, it was found out what was the potential influence of organizational factors, such as internal decisions for lending on the final conclusion whether to provide a loan (Hodgkinson et al., 2009).

Level of Agreement Based on Co- Maker/Collateral

	Mean	Std. Deviation	Verbal Interpretation
A co- maker or collateral is required.	3.64	.482	Strongly Agree
Collateral in applicant's name.	3.61	.488	Strongly Agree
Certificates for collateral.	3.58	.495	Strongly Agree
Collateral has appraisal.	3.64	.480	Strongly Agree
Co- maker must be a community member.	3.63	.484	Strongly Agree
Credit investigation on co- maker.	3.60	.490	Strongly Agree
Legal documents signed by co- maker.	3.58	.494	Strongly Agree
Co- maker presents assets.	3.63	.484	Strongly Agree
Pre- emptive rights in repurchase.	3.61	.489	Strongly Agree
Notification on due dates.	3.68	.467	Strongly Agree
Overall	3.6200	.18917	Strongly Agree

Von Furstenberg and Green (2004) and Avery, et al. (2004) in their studies assessed local situational factors as factors of default risk. They found that inclusion of a situational factor of the borrower improves the performance of the scoring models. Stansell and Millar (2006), Vandell (2008), Ingram and Frazier (2002) have found that payment-to-income ratio is positively correlated with the probability of default, the higher the payment to income ratio, the greater is the default risk, thus needing a collateral or co-maker when lending a loan.

Level of Agreement Based on Default Policies

	Mean	Std. Deviation	Verbal Interpretation
Penalty fee imposed.	3.62	.486	Strongly Agree
Notice of non- payments issued.	3.64	.481	Strongly Agree
Penalties automatically charged.	3.61	.488	Strongly Agree
Reasonable grace period given.	3.69	.462	Strongly Agree
Debtors notified over a default payment.	3.61	.495	Strongly Agree
Debtors can explain default payment.	3.66	.473	Strongly Agree
Loan re- structuring provided.	3.56	.497	Strongly Agree
Collateral forfeited after notice.	3.62	.486	Strongly Agree
Co- makers become liable with penalties.	3.59	.500	Strongly Agree
Debtors are blacklisted.	3.66	.480	Strongly Agree
Overall	3.6277	.18524	Strongly Agree

As discussed by Maina and Kalui (2014), default refers to a situation where a borrower fails to repay a loan. It occurs when a borrower cannot or will not repay the loan and the cooperative no longer expects to receive payment thus making the cooperative financially vulnerable hence, it is necessary that default policies must not just be established but strictly implemented.

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Challenges Encountered- Mode of Payment

	Mean	Std. Deviation	Verbal Interpretation
Cash is most preferred.	3.64	.495	Strongly Agree
Cash equivalent and assets as modes.	3.65	.497	Strongly Agree
Collateral liquidated as payment.	3.64	.495	Strongly Agree
Full payment encouraged to avoid penalty.	3.66	.494	Strongly Agree
Late payment with penalties.	3.66	.475	Strongly Agree
Overall	3.6500	.26983	Strongly Agree

As presented in the table there are two types accepted by the subjected credit cooperatives in Metro Manila, mainly cash and assets of value in the form of collateral once it is liquidated. Performance of any business entity is judged by its liquidity management (Bardia 2007); therefore, cash should be one of the measures of operational efficiency and all receivables must have high turnover rates. The more liquid the cooperative is, the better the projected business outlook.

Challenges Encountered- Staff

	Mean	Std. Deviation	Verbal Interpretation
Accommodating and courteous.	3.63	.503	Strongly Agree
Professional and not intimidating.	3.57	.535	Strongly Agree
Proper qualifications.	3.53	.563	Strongly Agree
Formally dressed and appropriate.	3.38	.557	Agree
Provide conducive atmosphere.	3.29	.688	Agree
Overall	3.4800	.36097	Agree

In many service industries, employees must wear uniforms, and those outfits can affect employees' attitudes, as well as their productivity (Kwon, 2013). This study is a validation and agrees with current findings that employees dressing-up properly are necessary to show an atmosphere of professionalism towards current and potential clients.

Challenges Encountered- Facilities

	Mean	Std. Deviation	Verbal Interpretation
Physical location and offices.	3.23	.749	Agree
Receiving areas.	3.52	.641	Strongly Agree
Vaults, document filing cabinet, computers.	3.60	.566	Strongly Agree
Rest room and other amenities.	3.61	.496	Strongly Agree
Signage and printed materials available.	3.66	.496	Strongly Agree
Overall	3.5247	.38543	Strongly Agree

Overall the respondents assessed the facilities to be high satisfactory, in terms of the receiving areas, vaults, rest rooms and signage however, since the selected credit cooperatives are limited to church-based communities, respondents seem to have a notion that cooperatives should have its own physical location rather than housed in a church.

Management Interview of Selected Credit Cooperatives

INDICATORS	FACTUAL CODING	AXIAL CODING
1. Position in the credit cooperative	Secretary, Secretary, Treasurer	Secretary, Secretary, Treasurer
2. Years in the Position	4-6 , 4-6, 10	4 Years to 10 Years and above
3. Type of Loans	1-3	Most borrowers opted for personal loans
4. Duration of Extending Loan	1-3	The credit cooperative provides loan for a maximum of 3 years.
5. Loan Amount Extended	20,000-100,000	16,000 and above
6. Short Term Loans/Long Term Loans Interest	1-3%	On an average 1-3% interest rate.
7. Loan Repayment	1-3 months, 1 year	1 month to 1 Year
8. Processing	3 days processing time, 5 days	Loan application processed within 1 week.
9. Co- Maker/ Collateral	Co- maker- YES, Collateral- NO, Collateral- YES	All credit cooperatives require a co-maker. Collateral may be required.
10. Default Policies	1-3 % 15 days, 20 days, restructuring-YES	Most credit cooperatives impose 1-3% penalty with a grace period from 15-20 days. All credit cooperative offer loan restructuring.

Comparison of Respondents when Grouped According to their Years of Membership

	Membership	Mean	S.D.	t-value	p-value	Significance
Terms/Interest	6-10 Years	3.5821	.20784	-1.912	P = 0.057 > 0.05	Not Significant
	More than 10 Years	3.6289	.19972			
Processing	6-10 Years	3.5821	.19361	-1.059	P = 0.290 > 0.05	Not Significant
	More than 10 Years	3.6088	.21637			
Collateral	6-10 Years	3.6434	.18206	1.587	P= 0.113 > 0.05	Not Significant
	More than 10 Years	3.6072	.19220			
Default Policies	6-10 Years	3.6283	.18606	.044	P = 0.965 > 0.05	Not Significant
	More than 10 Years	3.6273	.18528			
Mode of Payment	6-10 Years	3.6509	.29220	.045	P = 0.964 > 0.05	Not Significant
	More than 10 Years	3.6495	.25758			
Staff	6-10 Years	3.4868	.35566	.241	P = 0.810 > 0.05	Not Significant
	More than 10 Years	3.4763	.36471			
Facilities	6-10 Years	3.5094	.39146	-.505	P = 0.614 > 0.05	Not Significant
	More than 10 Years	3.5330	.38285			

It can be inferred that the respondents' years of membership with the credit cooperative does not influence their assessment of the variables such as interest, processing, collateral, default policies, mode of payment, staff and facilities.

Comparison of Respondents when Grouped According to their Capital Contribution

	Capital	Mean	S.D.	t-value	p-value	Significance
Terms/Interest	30,001-45,000	3.5946	.20454	-1.006	P = 0.315 > 0.05	Not Significant
	45,001 and above	3.6202	.20306			
Processing	30,001-45,000	3.6293	.19753	1.662	P = 0.098 > 0.05	Not Significant
	45,001 and above	3.5861	.21253			
Collateral	30,001-45,000	3.6326	.18934	.767	P = 0.444 > 0.05	Not Significant
	45,001 and above	3.6144	.18929			
Default Policies	30,001-45,000	3.6413	.18936	.848	P = 0.397 > 0.05	Not Significant
	45,001 and above	3.6216	.18353			
Mode of Payment	30,001-45,000	3.6935	.20850	1.864	P = 0.063 > 0.05	Not Significant
	45,001 and above	3.6308	.29128			
Staff	30,001-45,000	3.4957	.36371	.499	P = 0.618 > 0.05	Not Significant
	45,001 and above	3.4731	.36042			
Facilities	30,001-45,000	3.5674	.33319	1.379	P = 0.169 > 0.05	Not Significant
	45,001 and above	3.5058	.40571			

It can be inferred that the respondents' capital contribution with the credit cooperative does not influence their assessment of the variables such as interest, processing, collateral, default policies, mode of payment, staff and facilities.

Comparison of Respondents when Grouped According to their Loan Amount

	Amount	Mean	S.D.	t-value	p-value	Significance
Terms/Interest	15,001-20,000	3.5903	.20112	-1.257	P = 0.210 > 0.05	Not Significant
	20,001 and above	3.6222	.20430			
Processing	15,001-20,000	3.6183	.20480	1.054	P = 0.293 > 0.05	Not Significant
	20,001 and above	3.5908	.21032			
Collateral	15,001-20,000	3.6237	.19076	.224	P = 0.823 > 0.05	Not Significant
	20,001 and above	3.6184	.18889			
Default Policies	15,001-20,000	3.6215	.18873	-.386	P = 0.700 > 0.05	Not Significant
	20,001 and above	3.6304	.18405			
Mode of Payment	15,001-20,000	3.6516	.29621	.069	P = 0.945 > 0.05	Not Significant
	20,001 and above	3.6493	.25786			
Staff	15,001-20,000	3.4602	.36330	-.636	P = 0.525 > 0.05	Not Significant
	20,001 and above	3.4889	.36045			
Facilities	15,001-20,000	3.5720	.32783	1.552	P = 0.122 > 0.05	Not Significant
	20,001 and above	3.5034	.40762			

It can be inferred that the respondents' loan amount with the credit cooperative does not influence their assessment of the variables such as interest, processing, collateral, default policies, mode of payment, staff and facilities.

Comparison of Respondents when Grouped According to their Loan Purpose

	Purpose	Mean	S.D.	t-value	p-value	Significance
Terms/Interest	Personal Expenses	3.6222	.18956	1.301	P = 0.196 > 0.05	Not Significant
	Business	3.5827	.23958			
Processing	Personal Expenses	3.6058	.20335	.926	P = 0.355 > 0.05	Not Significant
	Business	3.5800	.22421			
Collateral	Personal Expenses	3.6284	.19523	1.341	P = 0.181 > 0.05	Not Significant
	Business	3.5947	.16837			
Default Policies	Personal Expenses	3.6236	.18280	-.665	P = 0.506 > 0.05	Not Significant
	Business	3.6400	.19313			
Mode of Payment	Personal Expenses	3.6364	.27043	-1.510	P = 0.132 > 0.05	Not Significant
	Business	3.6907	.26568			
Staff	Personal Expenses	3.4818	.35162	.148	P = 0.883 > 0.05	Not Significant
	Business	3.4747	.39011			
Facilities	Personal Expenses	3.5342	.37361	.743	P = 0.458 > 0.05	Not Significant
	Business	3.4960	.42024			

It can be inferred that the respondents' loan purpose with the credit cooperative does not influence their assessment of the variables such as interest, processing, collateral, default policies, mode of payment, staff and facilities.

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CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of the study, the following were drawn:

1. Most of the respondents have been borrowers of the selected credit cooperatives from six years or more. This therefore presents the viability of credit cooperatives among urban communities as an alternative credit facility having had member- borrowers for the past six or more years.
2. All respondents have the above minimum capitalization required by law averaging from thirty thousand and above. The results attest to the trust provided by the member- borrowers in the financial management capacity of the credit cooperatives in seeking investment opportunities for the cooperatives' total capitalization to increase financial value.
3. All respondents borrowed amounts from thirty thousand to twenty thousand and above. It can therefore be concluded that member- borrowers have credit access to this financial institution with significant amounts being loaned to them.
4. Majority of the respondents had loans from the selected credit cooperatives for personal purpose and a number intended the loan amount for business. Therefore, most of the member- borrowers resort to credit cooperatives for personal financial needs.
5. The assessment of respondents in terms of interest shows a strong agreement. This is a strong indicator that credit cooperatives provide lower interest rates than other financial institutions and borrowers agree to this interest structures to be beneficial to them.
6. The assessment of respondents in terms of processing shows a strong agreement. This suggests that members have a positive experience in the processing of their loan applications therefore making it easier to apply for a loan.
7. The assessment of respondents in terms of co- maker/collateral shows a strong agreement. The results institutionalized the necessity for a guarantee for any loan rendered through another person or an asset of value.
8. The assessment of respondents in terms of default policies shows a strong agreement. This presents that credit cooperatives implement strictly default policies to ensure that borrowers comply with their financial obligations on time.
9. The assessment of respondents in terms of mode of payment shows a strong agreement. Therefore payment means given to borrowers are most often cash basis; however, it is also noticeable that borrowers, if given other option which is more convenient, would also be given thought.
10. The assessment of respondents in terms of staff shows a strong agreement. This is an affirmation of the staff's professionalism in dealing with borrowers through an efficient processing, however, a negligible response also suggests staff should be in a formal or proper business attire when entertaining borrowers.
11. The assessment of respondents in terms of facilities shows a strong agreement. Borrowers have a strong indication of their satisfaction to the credit cooperatives' facilities, but it must be noted that borrowers have an inclination on the physical location or office of the cooperatives.
12. There is no significant difference on the levels of agreement of the respondents of the selected credit cooperatives in Metro Manila when grouped according to their profile. This therefore means that the assessments of member- borrowers to the challenges they encounter are comparable with a minimal reservation on staff and facilities.

Recommendations

1. Provide other interest options depending on the loan duration and credit history by aligning payment capacity through financial profiling of loan applicants to further assist financially challenged member- borrowers.
2. Relax and limit redundant documentary requirements such as valid government identification cards or documents. The cooperative can utilize available information as the loan applicants are active members of the credit cooperatives.
3. Co-makers should be established as the primary guarantor for a loan rather than requiring from loan applicants collateral or assets of value.
4. Loan restructuring programs of the credit cooperatives must be proactively disseminated, especially, to borrowers who are currently on default to provide options of repayment to avoid bad debts.
5. Member- borrowers must be given other options for a payment mode either through electronic means other than just outright cash payment.
6. Credit cooperatives, especially, staff who assists, in the loan application processes must be informed of the proper attire while inside the premises of the credit cooperative to create a formal atmosphere conducive for business transactions.
7. Credit cooperatives must have its own main or satellite offices solely intended for the cooperatives' business transactions to establish domicile or physical presence.
8. Other researchers must continue to conduct researches on cooperatives to improve operational efficiency of credit cooperatives considering other factors apart from those identified in this study.
9. Propose programs aligned with the variable- indicators of the challenges encountered by member- borrowers to improve the operational efficiency of selected credit cooperatives in Metro Manila.

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