

Multiple Borrowing in the Philippines

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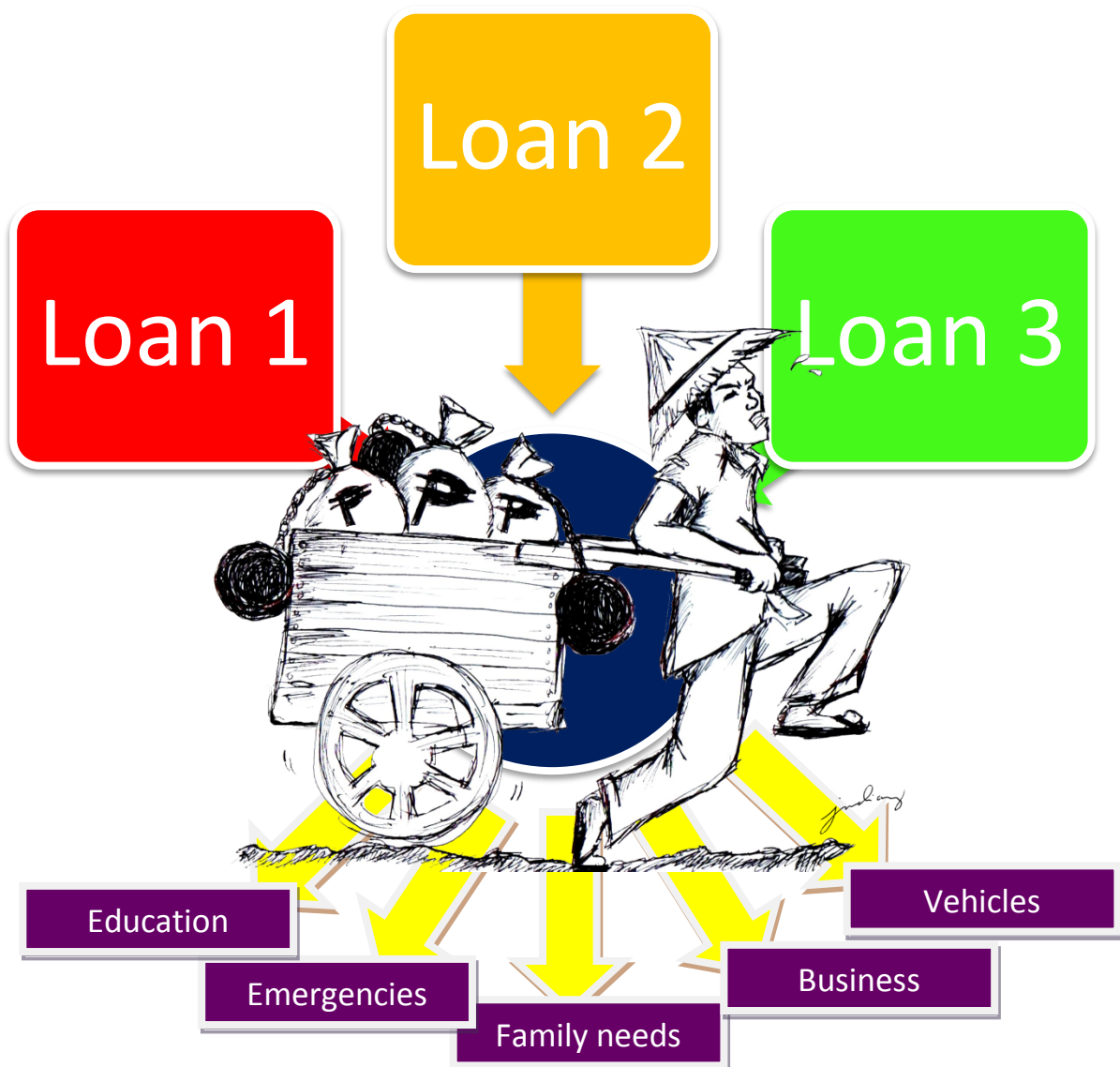


Table of Contents

Background	4
Objective	5
Research Design	5
Sample.....	5
Methodology	5
Limitations of the Study	5
Part 1. Quantitative Results	6
Profile of the Borrower	6
Demographics	6
Age	6
Civil Status	6
Household Size.....	6
Source of Income of Respondent’s Family	6
Estimated Weekly Gross Income of the Respondent’s Family	6
Self- rating on Income Adequacy.....	7
Borrowing Behaviour.....	7
Number of Loans Availed at TSPI.....	7
Number of Current Lenders	8
Type of Lenders	8
Total Size of Loan Principal.....	8
Estimated Weekly Loan Payment	8
Perceptions on Multiple Borrowing	9
Uses of Multiple Loans	9
Identified Advantages from Multiple Borrowing.....	9
Identified Disadvantages from Multiple Borrowing	10
Advice to Prospective Multiple Borrowers	10
Advice to Lenders	10
Part 2. Stories of Multiple Borrowers	10
Case Study 1.....	10
Case Study 2.....	11
Conclusion	12
Multiple Borrowing Occurs	12
Debt has Become a Burden for Some	12
Implications for MFIs	12
Appendices of Detailed Research Data	13
Table 1 and Figure 1. Age of Respondents	13

Table 2 and Figure 2. Civil Status of Respondents	13
Table 3 and Figure 3. Household Size of Respondents.....	14
Table 4 and Figure 4. Sources of Income of the Respondents’ Families.....	14
Table 5 and Figure 5. Estimated Weekly Family Income of Respondents	15
Table 6 and Figure 6. Self Rating on Income Adequacy To Meet Basic Needs.....	15
Table 7 and Figure 7. Loan Cycle Availment at TSPI.....	16
Table 8 and Figure 8. Number of Lenders of Respondents.....	16
Table 9 and Figure 9. Types of Lender	17
Table 10 and Figure 10. Total Amount of Loan Principal	17
Table 11 and Figure 11. Estimated Weekly Payments on Current Loans.....	18
Table 11 and Figure 11. Percentage of weekly loan payments to weekly income.....	18
Table 12 and Figure 12. Advantages of Multiple Borrowing	19
Table 13 and Figure 13. Disadvantages of Multiple Borrowing.....	19
Table 14 and Figure 14. Advice on Multiple Borrowing	20
Table 15 and Figure 15. Advice to Lenders	21
Annex 1	22
Questionnaire: Research on Credit Habits of Micro Entrepreneurs.....	22

Background

Alleged coercive loan recovery practices by micro lenders in Andhra Pradesh (AP), India have been blamed for suicides of some borrowers in 2010. This has led to a clampdown by the state government on operations of microfinance institutions (MFIs). Specifically, a law was recently enacted requiring “MFIs to seek the state government’s approval before lending to borrowers who already have outstanding loans”. It also bans the institutions from lending to any household that already has two loans to service. This has effectively terminated loan disbursement by MFIs in AP.^{1,2 and 3}

Concerned by the emerging negative effects of over indebtedness among the poor in India, as well as in many other parts of the world, the global microfinance industry has turned to actively promoting [social performance management](#) which includes a number of client protection tools. These tools are designed to help stakeholders track the social mission of helping (rather than harming) the poor – the target clients of the microfinance industry.

In effort an to contribute to the body of knowledge to better understand multiple borrowing and its association with over indebtedness, *MicroSave* partnered with TSPI Development Corporation, one of the leading MFIs in the Philippines, to study the phenomenon.

Multiple borrowing refers to the practice of availing loans from different sources within the same period of time. In Bangladesh, a study estimated that 15% of all MFI borrowers took loans from more than one MFI back in the 1990s.⁴ Today, it is widely believed to be closer to 50% of all borrowers.

More recent studies from Uganda⁵ and India^{6,7 and 8} show the reasons that drive the poor to get into multiple borrowing. Continuity, convenience, flexibility and reliability of access to financial services are considered important by MFI clients in India.⁴ Some clients thus borrow from more than one MFI to have a continuous source of credit to meet their various needs. In a study involving interviews with credit officers from several major MFIs in Uganda, similar reasons were raised, notably to maintain household cash flow and interestingly, to smoothen the timing of repayment of loans.

As rightly pointed out in these studies, the occurrence of multiple borrowing is not the key issue to consider—what is more important is the capacity of the client to repay such loans.

The client is not all to blame for the seemingly growing incidence of multiple borrowing. As observed by Krishnaswamy, “there are sector-wide concerns about unethical staff and client poaching, violation of the ‘code of conduct’ and reckless lending by fast growing MFIs leading to multiple borrowing.”^{5 and 9}

Such concerns are also starting to be expressed within the Philippine microfinance industry that is characterised by a rapid growth of MFIs operating in similar geographic areas, (specifically accessible rural and urban areas), and targeting similar market segments composed of micro and small entrepreneurs, mostly women. A study that can provide information on the nature of multiple borrowings in the Philippines may

¹ [Unnikrishnan, Dinesh and Sukumar, C.R., “MFI Loans Slow to a Trickle in AP”, The Wall Street Journal, 30 December 2010.](#)

² For more details on this see [MicroSave India Focus Notes 55 “The Andhra Pradesh Crisis: Three Dress Rehearsals ... and then the Full Drama”](#); [57 “The Andhra Pradesh Crisis: What Should MFIs Do?”](#); and [59 “The Andhra Pradesh Crisis – Clients’ Perspective”](#)

³ [Ballem et al. “What are Clients doing Post the Andhra Pradesh MFI Crisis?”, MicroSave, 2011](#)

⁴ [de Aghion, Beatriz Armendariz, and Morduch, Jonathan, “The Economics of Microfinance”, The MIT Press, 2005.](#)

⁵ [McIntosh, Craig, de Janvry, Alain, and Sadoulet, Elisabeth, “How Rising Competition Among Microfinance Lenders Affects Incumbent Village Banks”, Economic Journal, vol. 115\(506\), pp. 987–1004, 2003.](#)

⁶ [Morduch, Jonathan, and Rutherford, Stuart, “Microfinance: Analytical Issues for India”, a report for the World Bank, South Asia Region – Finance and Private Sector Development, April, 2003.](#)

⁷ [Krishnaswamy, Karuna, “Competition and Multiple Borrowing in the Indian Microfinance Sector”, Institute for Financial Management and Research, Centre for Micro Finance, India, 2007.](#)

⁸ [Venkata N A and Veena Yamini A, “Why Do Microfinance Clients Take Multiple Loans?”, MicroSave India Focus Note 33, MicroSave India, 2010.](#)

⁹ [Murdoch Christopher, Manoj K. Sharma and Graham A.N. Wright, “Dinosaurs and Rabbits – Indian Microfinance Market Evolution”, MicroSave India Focus Note 25, MicroSave India, 2010.](#)

thus prove to be valuable for a better understanding of the credit behaviour of low income groups and on risks associated with over indebtedness.

Objective

This study aims to describe the nature and extent of multiple borrowing among Filipino women micro entrepreneurs. By making the information available, it is hoped that local MFIs can gain insights on this practice and pursue mitigating strategies to keep multiple borrowing from leading to over indebtedness among the low income group.

Research Design

Sample

The population is composed of active clients of a microfinance institution (MFI) with outstanding loans. The sample of 151 urban women micro entrepreneurs was taken from a branch of TSPI located in Quezon City, Metro Manila.

Simple random sampling was done; specifically, clusters were selected randomly, based on the availability of the account officers in the area running center meetings with no less than 15 clients in attendance during the field work.

Methodology

The research was done in two phases. The first phase included the quantitative part involving primary data gathering using a questionnaire made in Filipino language (See Annex 1). The main sections of questionnaire covered:

- Socio-economic profiling of sample
- Occurrence and extent of multiple borrowing
- Motives for borrowing
- Sources of loans, and
- Uses of loans and benefits derived from it.

The respondents were asked to fill up the questionnaires anonymously, to encourage them to provide truthful answers, thus adding integrity to the sample data. To facilitate full understanding of the questions, the researcher read each question aloud to the whole group, provided a brief explanation, and gave time for the respondents to ask clarification as needed and fill in the answers. In addition, the researcher roamed around the meeting venue to provide one-on-one support to the respondents, when called upon. This was done to make sure that all questions were answered.

Due to the descriptive characteristic of the study, the type of analysis used only included descriptive statistics, namely use of averages (measures of central tendency) and percentages.

The second phase focused on the qualitative aspect of the research. This is comprised in-depth interviews with multiple borrowers and documentation of their respective stories.

Limitations of the Study

The following are limitations of the study:

- Small sample size of 151 respondents of which an even smaller sample of 65 were found to be multiple borrowers;
- Urban focus;
- Possible biases in data collection due to the composition of the research team with 3 members working for TSPI so that respondents may not have fully divulged relevant information for fear that the information may affect their access to TSPI services, despite repeated reminders of anonymity and data confidentiality.
- Data processing challenges were encountered with open-ended questions, from legibility of handwriting of respondents to very short answers provided, that could lead to the possibility of data misinterpretation;
- Non-inclusion of a situation where a respondent engages in multiple borrowing from one MFI, i.e. TSPI.

The plan is to continue with this research by widening its scope to cover a bigger sample size coming from both rural and urban respondents and in covering the case of multiple borrowing involving one MFI. By having a more substantial and broader sample size, it is hoped that most of the limitations will be overcome or minimised.

Part 1. Quantitative Results

Profile of the Borrower

151 micro entrepreneurs who have outstanding loans with TSPI, an established microfinance institution in the Philippines, were covered by the research. All respondents are female urban dwellers residing in Metro Manila, the most urbanised area of the country – and a hive of economic activity.

Demographics

Age

All respondents are 18 years old and above. Sixty-two percent (62%) of the respondents are more than 41 years old, with 25% falling within the 31-40 age group and 14%, below 30 years old. This indicates that majority of the respondents have a good number of years out of school and are earning a living.

Civil Status

The majority at 89% are, or have been, married with 75% still living with their respective husbands, 11% are widowed and 3% are separated. The balance of 11% is accounted for by single women.

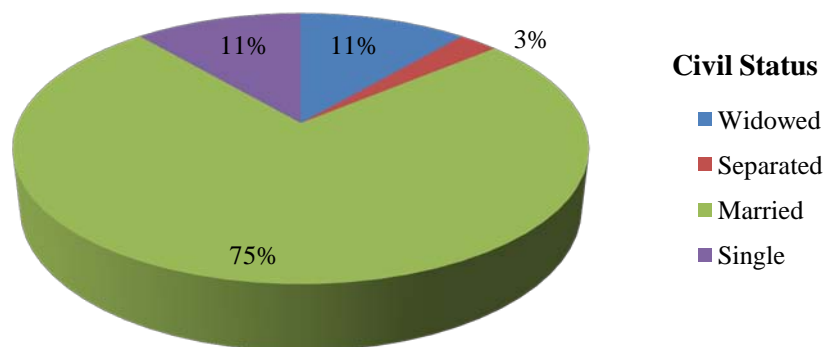


Figure 1. Civil status of the respondents

Household Size

Most of the respondents belong to a household with 4-6 members (63%), followed by 18% with 7-9 members, 14% with 1-3 members and 5% with 10 or more members. In this study, the average size of households is 5 (5.44) members. Similarly, that of multiple borrowers is also 5 (5.33 ± 1.96) members. This gives a standard picture of the size of families in the Philippines, and may show that household size is not necessarily a key factor to induce multiple borrowing.

Source of Income of Respondent's Family

Forty-eight respondents (32%) earn mainly from *sari-sari* stores (variety goods shops) and mini groceries that sell different kinds of food and non-food items on a retail basis. The second most common source of income is trading of food products with thirty-nine respondents (26%), while the third income source is trading of non-food products like direct selling of cosmetics, shoes, and clothes, with twenty respondents accounting for 13% of the sample. Taken together, 71% of all respondents depend on income from trading to support their needs.

Other sources of income in the top five are employment from the private sector (10%) and from providing services such as tailoring, managing a hair and beauty shop, among others (12%).

Estimated Weekly Gross Income of the Respondent's Family

Fifty-seven respondents (39%) earn an estimated total weekly gross family income ranging from P1,501 to P3,000. The second batch with the most number of families reporting at 37 (26%) earn a slightly higher income range of P3,001 to P4,500 while 27 families (19%) earn even higher weekly income of P4,501 to

P6,000. The lowest income range of P1,500 and below is reported by 8 households (6%), while the highest income range of above P6,000 is enjoyed by 16 households (11%).

Of those that engage in multiple borrowing, almost 7 out of 10 of them (68%) have a gross weekly income of P4,500 and below.

Based on the poverty threshold of 2008 set by the government, an individual residing in the National Capital Region of the Philippines, where Metro Manila belongs to, will need P65.76/day or P460.32/week to meet the very basic needs.¹⁰ For a household of six, the poverty income threshold amounts to P2,762 per week. Comparing with the research income data, this indicates that nearly half of the respondents (45%), or those earning P3,000 and below a week, fall under poverty or subsist at the borderline of poverty.

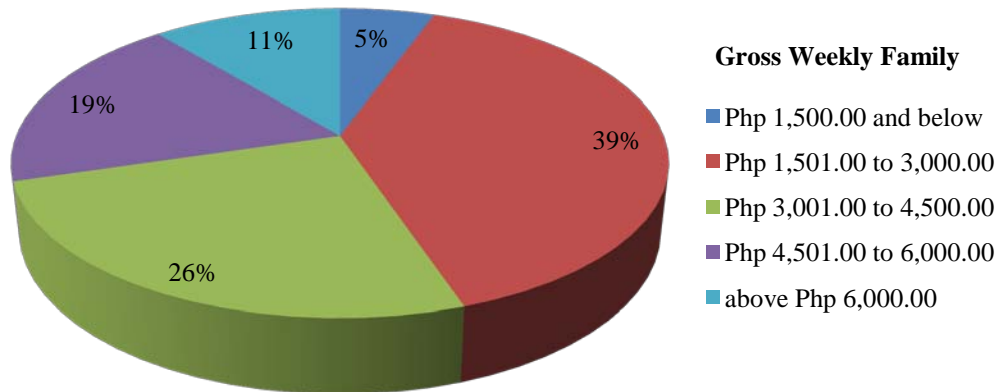


Figure 2. Weekly gross income of the respondents

Self-rating on Income Adequacy

Respondents were also asked to perform a self-rating of the adequacy of their income to meet basic needs. Interestingly, 33% have rated themselves to be experiencing income shortfall most of the time (3%) and sometimes (30%), which supports the above results which use financial information, i.e. estimated weekly income.

Table 1. Self Rating on Income Adequacy to Meet Basic Needs

Sufficiency of Income	No. of respondents	Percentage
Sufficient income all the time	98	67%
Insufficient income sometimes	44	30%
Insufficient income most of the time	5	3%
Total	147	100%

Borrowing Behaviour

Number of Loans Availed from TSPI

Seventy-one percent of the respondents availed of more than one loan cycle (6 month period) from TSPI with most in the second and third cycles, i.e. up to 1.5 years of membership. The lone borrower with the highest number of loan cycles is on her 15th loan cycle, indicating no less than 7 years of membership with TSPI.

First time borrowers in the sample comprise of 44 members (29%). This figure could indicate continuing demand for credit among urban women entrepreneurs and/or the high level of client churn amongst most Filipino MFIs.

¹⁰ [delacruz, Leland Joseph, "Measuring Poverty", Ateneo de Manila University, Manila, 2010.](#)

Number of Current Lenders

Counting TSPI as one lender of the respondents, 86 women (57%) indicated of having only one lender where they have outstanding loans. Close to half or 43% (65 women) acknowledged having current loans with two lenders (28%) or with three or more lenders (15%). It thus appears that there exists a practice of multiple borrowing among a significant number of respondents.

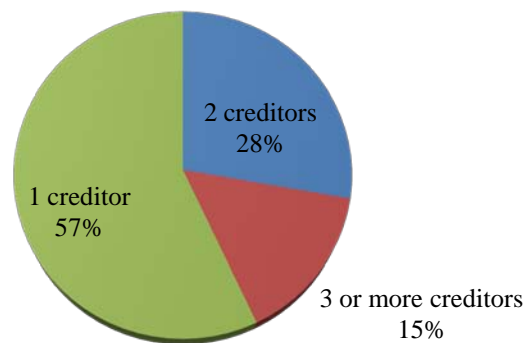


Figure 3. Number of current lenders engaged by the respondents

Type of Lenders

Most of the multiple borrowers obtain their extra credit from non-bank financial institutions (43.94%). This indicates that the availability of many MFIs does facilitate the incidence of multiple borrowing. The next major source is family members and relatives (30.30%), followed by individual moneylenders at 24%. One respondent also borrowed from a bank.

Total Size of Loan Principal

The average loan principal for all respondents is P10,423. The most common total loan amount ranges from P5,000 to P9,999 with 51 clients (36%). This is followed by P10,000 to P14,999 with 27 clients (19%) and P4,999 or less with 16 clients (11%). Altogether, 94 clients (66%) have total loan principal of P14,999 and below.

Among multiple borrowers, the average loan principal is recorded at P16,686, higher by more than 50% than the sample average. From this data, we can infer that these multiple borrowers avail of loan sizes that are not really very significantly higher than the average loans that have been availed.

Estimated Weekly Loan Payment

For current loans, the most common weekly loan payment is less than P500, which is the loan obligation being met by 58 women (39%). Forty-four women (30%) on the other hand pay an estimated weekly amortisation of P500 to P999. The rest pay higher amounts – from P1,000 to P1,999 (23% or 35 women), and P2,000 or more (7% or 11 women). Converting the weekly loan payment as a percentage of estimated weekly gross income, we find that in this sample, the average weekly repayment amounts to 24% of weekly income.

Among multiple borrowers, 39% (25 respondents) of them are able to keep debt servicing at 20% and below. A similar number of respondents (25) are faced with above 30%; the rest which comprise of 15 women (22%) manage with above 20% to 30%. If we consider 20% as a reasonable percentage of income for debt servicing, respondents having a debt servicing rate higher than this can already be considered as falling in a situation of over-indebtedness. In this sample, that's a hefty 60% among multiple borrowers! If this goes unchecked, in the long term, instead of leading better lives, these clients will only experience more hardship.

Table 2. Percentage of Weekly Loan Payments to Income

Percentage of weekly loan payments vs. income	No. of multiple borrowers	Percentage
20% and below	25	39%
20% to 25%	9	13%
25% to 30%	6	9%
More than 30%	25	39%
Total	65	100%

Perceptions on Multiple Borrowing

Uses of Multiple Loans

Why then do these women entrepreneurs go into multiple borrowing? Figure 4 below presents the responses from 63 multiple borrowers. The top four reasons for availing loans from different sources are: have additional capital for business (37%), finance the education of a family member (33%), pay for medical expenses (including emergency cases) of the family (11%), and meet basic household needs (11%).

Using loans for revolving business capital is consistent with the profile of many respondents who are into trading. Buy and sell-type of businesses especially need a steady flow of capital to absorb the irregular cash flow profile manifested by purchasing goods in bulk, and selling on retail and on instalment terms, and to maintain the level of working capital invested in the business and thus inventory levels. The other major uses cited reflect what the typical Filipino family consider important, namely education, food, and health.

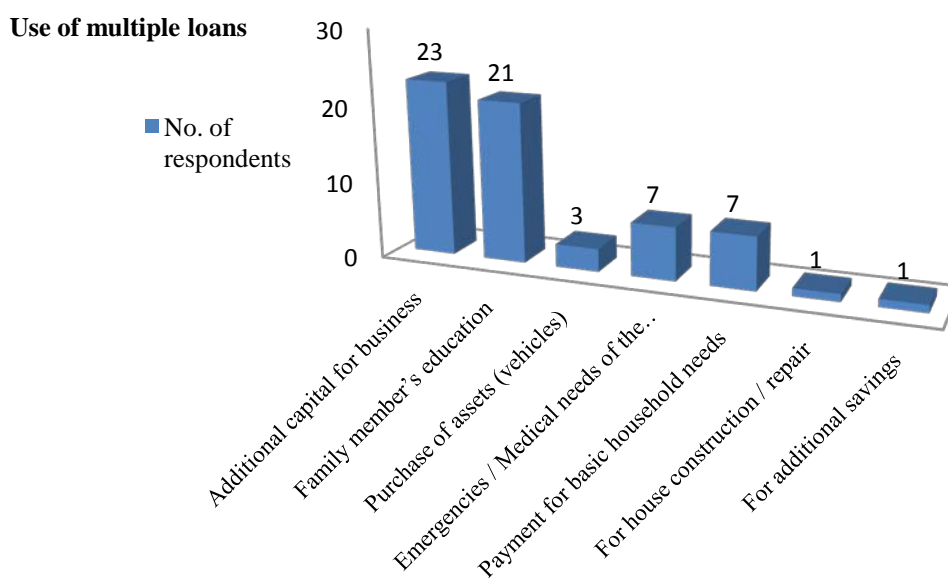


Figure 4. Uses of multiple loans

Identified Advantages from Multiple Borrowing

Respondents also refer to the uses of loan funds when citing advantages from multiple borrowing. In addition to the common uses that go to meeting family and business needs, we found 5% or 4 of 83 responses citing the use of a loan to pay off another loan. This provides another indication of over-indebtedness among multiple borrowers.

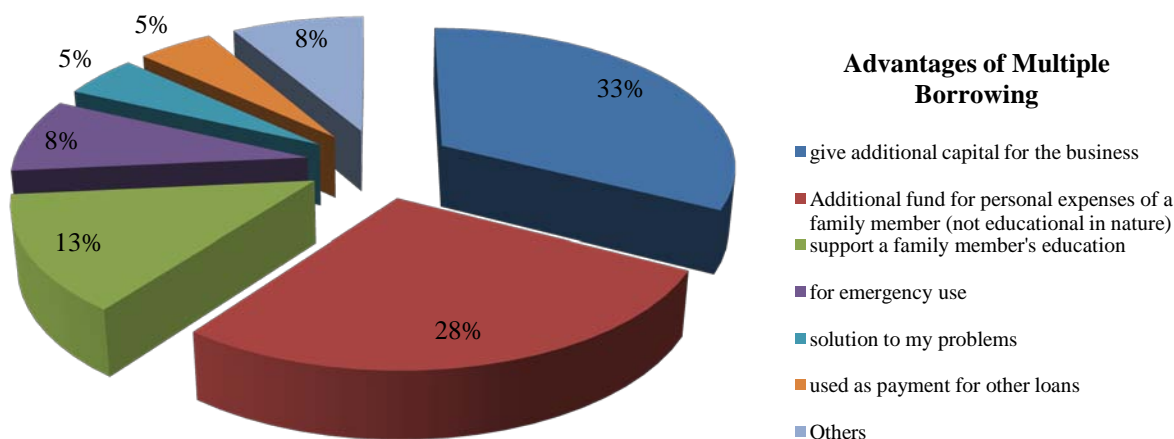


Figure 5. Identified advantages from multiple borrowing

Identified Disadvantages from Multiple Borrowing

When money is tight and income is not enough to meet basic needs and other obligations, having to settle a loan obligation brings heavy mental burden to the respondents (75% of responses). Though not documented in research data, testimonies shared by respondents during informal discussions provide the following manifestations of mental burden – from being sad and depressed, being short tempered and getting angry often, to having fights among family members, and losing the affection of friends and loved ones.

They also found difficulty to borrow more funds in times of emergencies (8%).

Advice to Prospective Multiple Borrowers

When multiple borrowers were asked if they can advise friends and family to get into multiple borrowing, a resounding negative response of 48 (80%) was obtained. According to these respondents, having debt obligations is burdensome. The financial stress it brings makes life difficult. The most common advice offered by multiple borrowers is to refrain from having more than one loan if one does not have the capacity to repay them.

Twelve respondents gave an affirmative response (20%) to going into multiple borrowing. These respondents reasoned out that so long as the money is put to good use, for example, to cover an emergency expense or to be invested in an income-generating activity, then multiple borrowing can be pursued.

Advice to Lenders

When multiple borrowers were asked to imagine themselves as lenders and to identify what they would do to protect borrowers from getting into debt burden, two common responses came up: 1) lower the cost of borrowing by either charging a low interest rate or none at all (38%); and 2) extend loans based only on the borrower's capacity to pay (28%).

Part 2. Stories of Multiple Borrowers

Story 1: Nanay Susie

Nanay "Susie" is a micro entrepreneur of 5 years. Starting her sari-sari (mini grocery) store in 2005, she had her share of trials in keeping the business running while providing for the needs of the family.

She availed of her first business loan of P5,000 in 2005. By then, Susie was fearful of going into debt. "My husband and I didn't want to get a big loan for fear of not being able to pay it". Despite the small amount of loan, Suzie, on several occasions, found herself dipping into the salary of her husband for the weekly loan repayments.

The experience – both of managing a business and of borrowing business capital, emboldened the couple to open another business. In 2007, her husband opened a computer store which required a capital of P300,000. They had some savings to partly finance the new venture but it became clear to them that they had to borrow

some more to fully finance the start-up capital. The MFI where Susie is a member could only offer a loan up to P50,000. With his regular income as an office worker, Suzie’s husband was able to secure another loan of P125,000 from a bank. *“The bank gave us a good interest rate of 1.3% per month for a repayment period of three years”*.

Suzie soon learned that getting the loans was the easy part; paying for it is the harder part. *“We were not getting enough income for the first four months of operations. We had to rely on the salary of my husband to pay for all the expenses, including the loans. It was hard time and I felt like I was going crazy from thinking of where to get the money for the next expense. I turned to prayer to give me hope and strength”*.

Persistence and financial discipline helped the couple overcome the financial difficulties. With two businesses having survived the birthing pains, *“Now, we have enough money for ourselves and to engage in business expansion. We have more than enough, actually,”* Suzie boasts.

When asked what she could say about multiple borrowing, Susie shares, *“If you have many loans, your business will suffer as you draw from the crucial revolving fund to service the loan repayment. We somehow managed because my husband was still working at that time and we had his regular income to depend on. The extra loan fund did help us, but it was the paying part that was such a burden. My advice to others is to only borrow when you really need to and to carefully assess your payment capacity. It is also important to have the discipline to pay promptly and to spend wisely”*.

Story 2: Yolanda

“The key to effective management of multiple loans from various sources is to have an inventory of your accounts, expenses, and payables,” Yolanda shares.

Yolanda, a resident of Barangay Kalsada, Tipas, Taguig, Metro Manila is known to her peers as a successful businesswoman. She manages no less than three businesses: a sari-sari (commodity retail) store in her community; a dry goods retail store in Divisoria; and a room-for-rent. As proof of her entrepreneurial zeal, she continues to be on the look out for an opportunity to borrow more capital for two more businesses, i.e. junk shop and buy and sell, that she plans to open. Although her husband and several of her children are employed and contribute to the family income, the rising cost of commodities and the growing needs of her family compel her to engage in many businesses.

Yolanda openly admits to her multiple borrowing practices. *“I am very thankful that I have many options to avail loans from various sources,”* she shares. Having continuing access to funding has helped her set-up new businesses and meet their household expenses and emergencies. Yolanda is aware of the risks of over-indebtedness. As such, she carefully plans her borrowings. *“My loans vary depending on urgency of need for money,”* she adds. *“For example, if I need money fast, I would go to the informal money lender. For a business loan, I go to organisations like TSPI”*.

As a TSPI borrower, Yolanda is regarded by her Account Officer as a good client who fulfills her weekly payment obligations without fail. This demonstrates the effectiveness of her financial planning and management methods. *“As long as you have the capacity to pay your loan obligations, you should grab the opportunity to borrow –be it from one or various sources,”* she advises. *“Think twice before you get a loan though. Be prudent— know the loan details such as terms of payment, interest rates, and others. Be certain of how and where you will get the money to pay for the loan”*.

Conclusion

Multiple Borrowing Occurs

This study found strong evidence of the occurrence of multiple borrowing among urban-based women micro entrepreneurs. Close to half (65 women) of the sample acknowledged having current loans with two lenders (65% of the multiple borrowers) or with three or more lenders (35%).

Most of the multiple borrowers obtain their extra credit from non-bank financial institutions (43.94%) like MFIs, followed by family members and relatives (30.30%), and individual money lenders at 24%. This indicates that the availability of many MFIs in the urban area do facilitate the incidence of multiple borrowing.

The average loan principal for all respondents is P10,423 while multiple borrowers register a higher average of nearly P17,000. This data suggests incremental loan/s falling within the average loan size range of the total sample. This may indicate some form of control exercised by multiple borrowers or by the lenders.

Multiple borrowers are quick to point out the many advantages of having access to loans. In particular, having money when you need it has been found to help sustain business operations, keep children in school, and provide support to families in distress due to medical emergencies, for example.

For all its advantages, multiple borrowers do acknowledge the stress and mental burden that go with multiple borrowing when money is tight and there is not enough to go around to meet the needs of the family, business and lenders. Thus, only a small 20% among them would endorse getting into multiple borrowing, offering a further advice of only doing so if money will be put to good use.

Debt has Become a Burden for Some

This study also found evidence of over-indebtedness, with 60% of the multiple borrowers struggling to meet the weekly debt servicing rate higher than 20% of gross weekly income. Further affirming the emergence of over-indebtedness is the use by 5% of multiple borrowers of a loan to pay off another loan. If this goes unchecked, in the long term, instead of leading better lives, these clients will only experience more hardships.

Implications for MFIs

1. Based on the book *Portfolios of the Poor*,¹¹ the financial activities of low-income families are usually driven by 3 main needs: (1) *Managing basics*: cash-flow management to transform irregular income flows into a dependable resource to meet daily needs; (2) *Coping with risks*: dealing with the emergencies that can derail families with little in reserve; and (3) *Raising lump sums*: seizing opportunities and paying for big-ticket expenses by accumulating usefully large sums of money. The respondents in the study have raised similar financial needs that can be categorised into 3 main groups: (1) for *business* and other income generating activities; (2) for *basic needs* of the family, especially educational expenses of children; and (3) for meeting *emergencies* such as sickness and accidents that require hospitalisation. These needs are varied. They are also irregular and some very risky, though some seasonality can be predicted for some major needs like tuition fees for children's education. In addition, there are needs that are paid in bulk, for example in medical emergencies, which may impact a client's cashflow. This calls for MFIs to adopt strategies that are more responsive to the needs of the market.
2. The MFI clients employ systems to avoid excessive debt burden. If they have to get into multiple borrowing, they only borrow small amounts or they try to borrow loans with terms that make repayment affordable and at lower cost. Not all members of the target group exercise prudent money management however. This calls for MFIs to adopt strategies to protect clients, from over indebtedness for instance, while at the same time offering an array of products and services to meet their needs.

¹¹ [Collins, Daryl, Mordoch, Jonathan, Rutherford, Stuart and Ruthven, Orlanda, "Portfolios of the Poor: How the World's Poor Live on \\$2 a Day".](#)

Appendices of Detailed Research Data

Table 1 and Figure 1. Age of Respondents

Age Brackets	No. of respondents	Percentage
18 and below	1	0.66%
19-25	7	4.64%
26-30	13	8.61%
31-35	15	9.93%
36-40	22	14.57%
41-45	27	17.88%
46-50	24	15.89%
51 and above	42	27.81%
Grand Total	151	100%

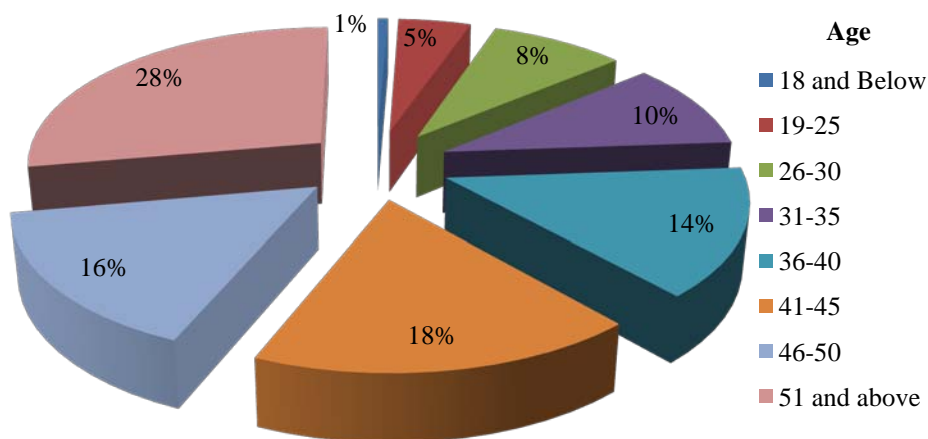


Table 2 and Figure 2. Civil Status of Respondents

Civil Status	No. of respondents	Percentage
Widowed	17	11.26%
Separated	4	2.65%
Married	113	74.83%
Single	17	11.26%
Grand Total	151	100.00%

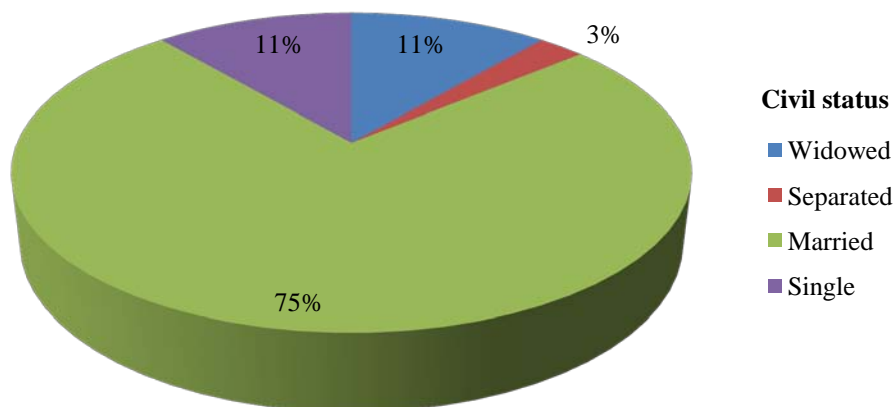
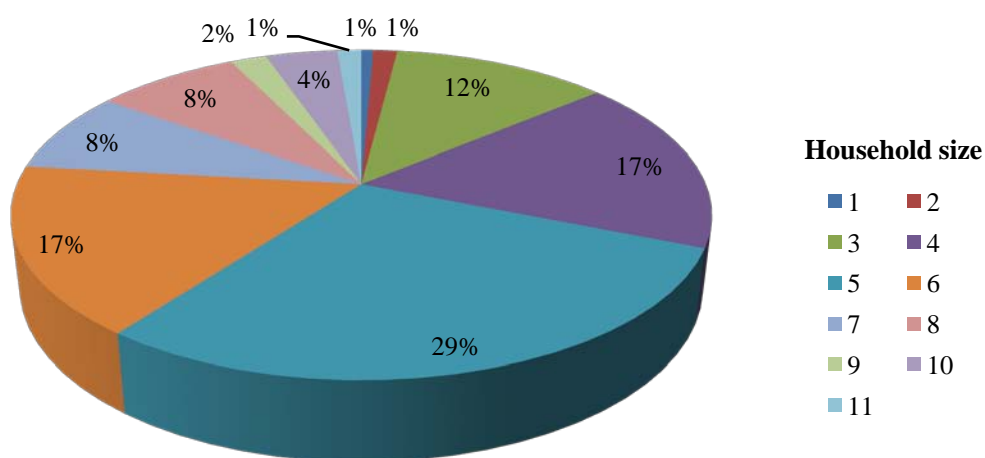


Table 3 and Figure 3. Household Size of Respondents

Household Size	No. of respondents	Percentage	Range
1	1	0.66%	14%
2	2	1.32%	
3	18	11.92%	
4	26	17.22%	63%
5	44	29.14%	
6	25	16.56%	
7	12	7.95%	18%
8	12	7.95%	
9	3	1.99%	
10	6	3.97%	5%
11	2	1.32%	
Grand Total	151	100%	

**Table 4 and Figure 4. Sources of Income of the Respondents' Families**

Type of Business	No. of respondents	Percentage
Buy & Sell - Food	39	25.83%
Buy & Sell - Non-food	20	13.25%
Housekeeping	2	1.32%
Manufacturer	3	1.99%
Government worker	7	4.64%
Private Sector employee	14	9.27%
Sari – Sari Store / Grocery	48	31.79%
services - others	13	8.61%
Services - Transport	5	3.31%
Grand Total	151	100.00%

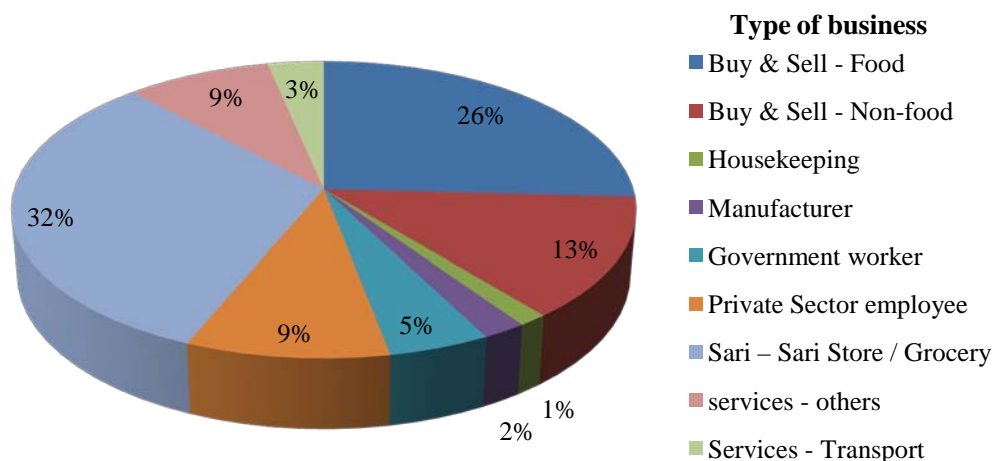


Table 5 and Figure 5. Estimated Weekly Family Income of Respondents

Income Range	No. of respondents	Percentage
Php 1,500.00 and below	8	5.67%
Php 1,501.00 to 3,000.00	57	40.43%
Php 3,001.00 to 4,500.00	37	26.24%
Php 4,501.00 to 6,000.00	27	19.15%
above Php 6,000.00	16	11.35%
Grand Total	145	100.00%

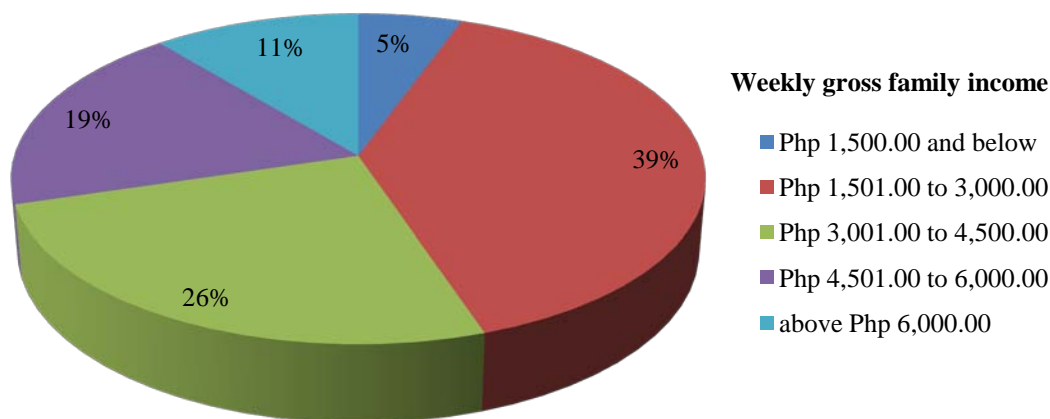


Table 6 and Figure 6. Self Rating on Income Adequacy To Meet Basic Needs

Sufficiency of Income	No. of respondents	Percentage
Sufficient income all the time	98	66.67%
Insufficient income sometimes	44	29.93%
Insufficient income most of the time	5	3.40%
Grand Total	147	100.00%

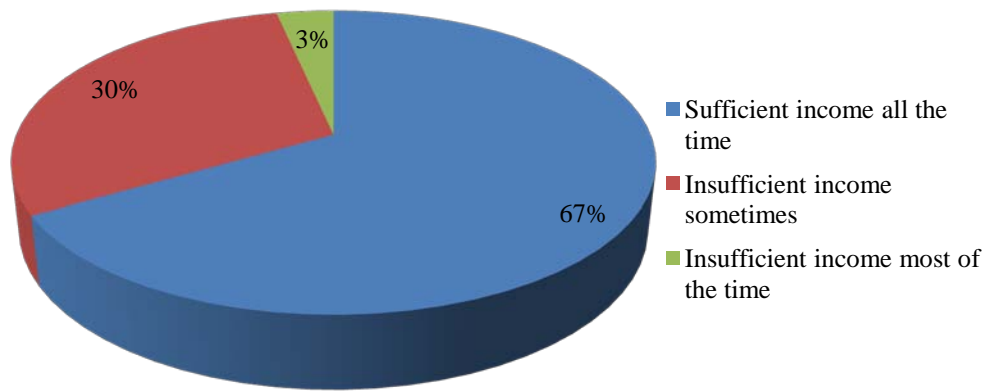


Table 7 and Figure 7. Loan Cycle Availment at TSPI

Loan Cycle	No. of respondents	Percentage
1	44	29.14%
2	25	16.56%
3	23	15.23%
4	6	3.97%
5	8	5.30%
6	12	7.95%
7	2	1.32%
8	9	5.96%
9	3	1.99%
10	3	1.99%
11	5	3.31%
12	2	1.32%
13	5	3.31%
14	3	1.99%
15	1	0.66%
Grand Total	151	100%

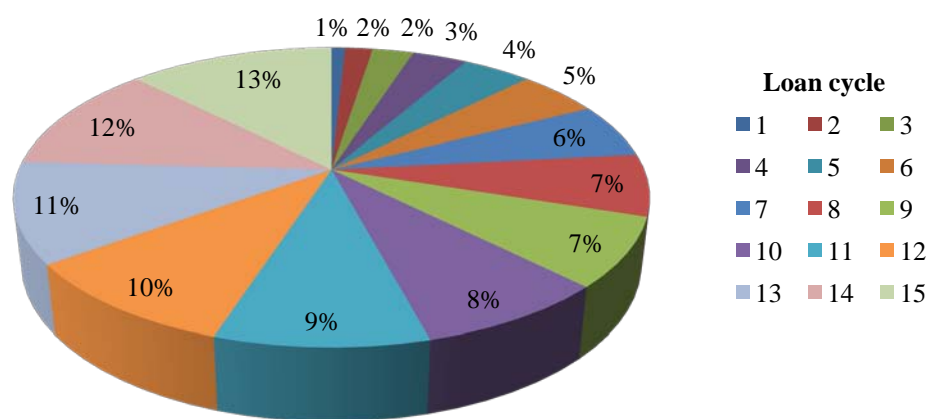


Table 8 and Figure 8. Number of Lenders of Respondents

No. of creditors	No. of respondents	Percentage
1	86	56.95%
2	42	27.81%
3 or more	23	15.23%
Grand Total	151	100.00%

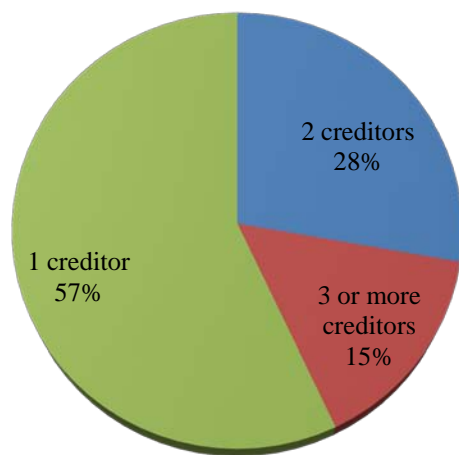


Table 9 and Figure 9. Types of Lender

Type of creditor	No. of respondents	Percentage
Non-bank institutions	29	43.94%
Banks	1	1.52%
Family members and relatives	20	30.30%
Lending Individuals	16	24.24%
Total	66	100.00%

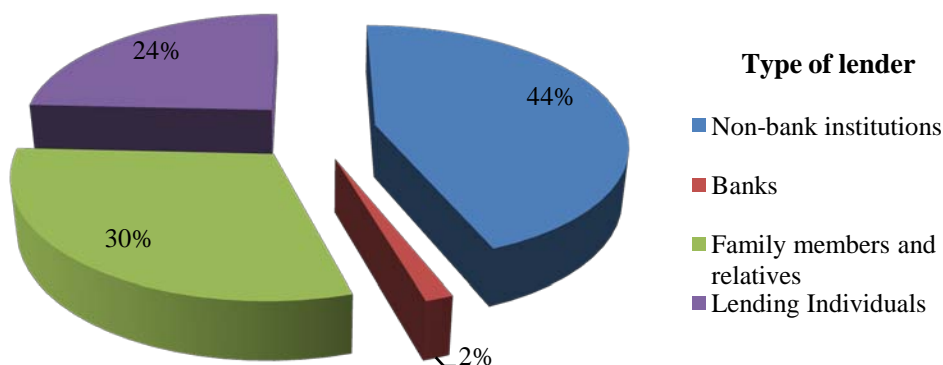


Table 10 and Figure 10. Total Amount of Loan Principal

Loan Principal Amount	no. of respondents	percentage
Php 4,999.00 and below	16	11.27%
Php 5,000.00 to 9,999.00	51	35.92%
Php 10,000.00 to 14,999.00	27	19.01%
Php 15,000.00 to 19,999.00	12	8.45%
Php 20,000.00 to 24,999.00	10	7.04%
Php 25,000 to 29,999.00	12	8.45%
Php 30,000 and above	14	9.86%
Grand Total	142	100.00%

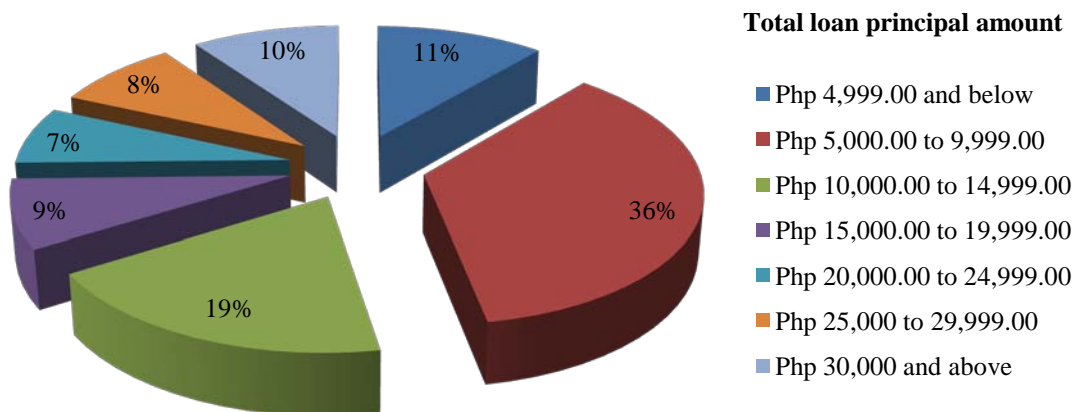


Table 11 and Figure 11. Estimated Weekly Payments on Current Loans

Weekly Payments	No. of respondents	Percentage
less than Php 500.00	58	39.19%
Php 500.00 to 999.00	44	29.73%
Php 1,000.00 to 1,499.00	20	13.51%
Php 1,500.00 to 1,999.00	15	10.14%
Php 2,000.00 and above	11	7.43%
Grand Total	148	100.00%

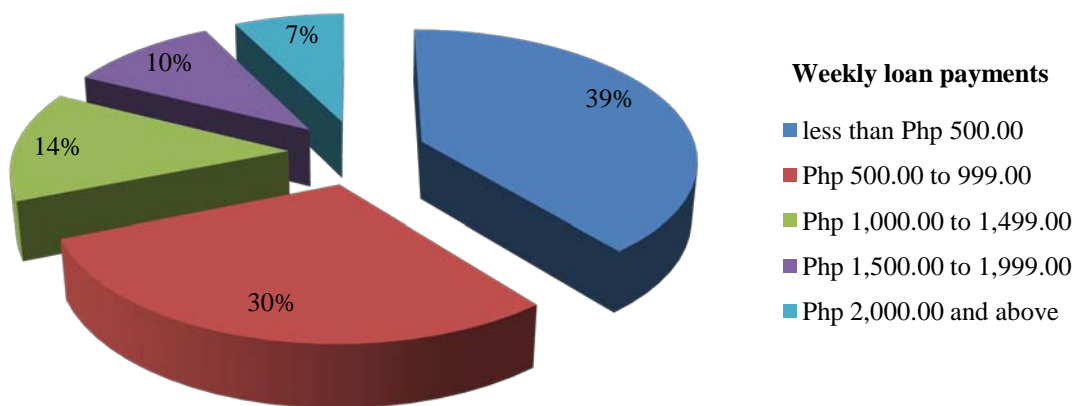


Table 11 and Figure 11. Percentage of weekly loan payments to weekly income

Percentage of weekly loan payments vs. income	No. of respondents with multiple creditors	Percentage from total
20% and below	25	16.56%
20% to 25%	9	5.96%
25% to 30%	6	3.97%
More than 30%	25	16.56%
Total	65	43.05%

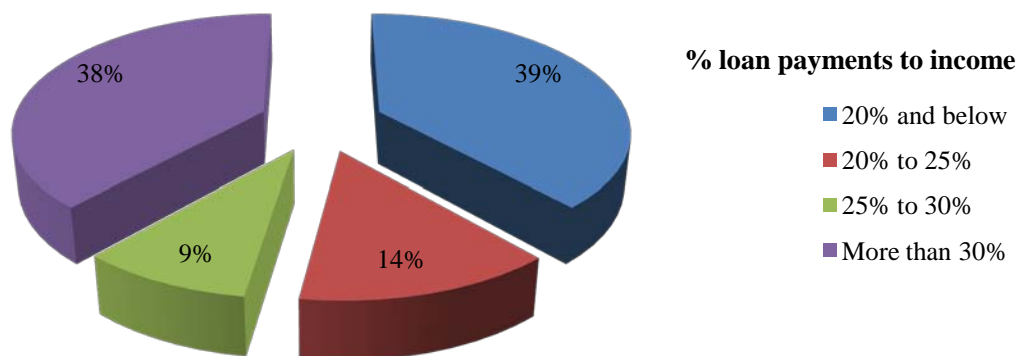


Table 12 and Figure 12. Advantages of Multiple Borrowing

Advantages of multiple borrowing	N	%
give additional capital for the business	27	32.53%
Additional fund for personal expenses of a family member (not educational in nature)	23	27.71%
support a family member's education	11	13.25%
for emergency use	7	8.43%
solution to my problems	4	4.82%
used as payment for other loans	4	4.82%
Others	7	8.43%
Grand Total	83	100.00%

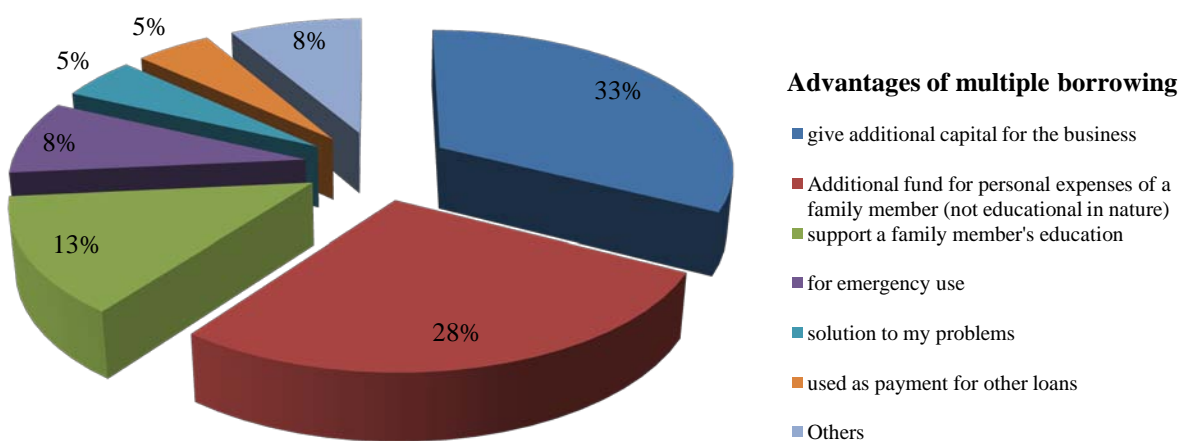


Table 13 and Figure 13. Disadvantages of Multiple Borrowing

Disadvantages of multiple borrowing	N	%
hard to budget the income, a mental burden	20	32.26%
when I have no money to pay the loan	13	20.97%
when payments to loans coincide with household expenses	8	12.90%
when income is used up and spouse' income is not enough	5	8.06%
when there is an emergency in the family such as sickness, accidents, etc.	5	8.06%
Others	11	17.74%
Grand Total	62	100.00%

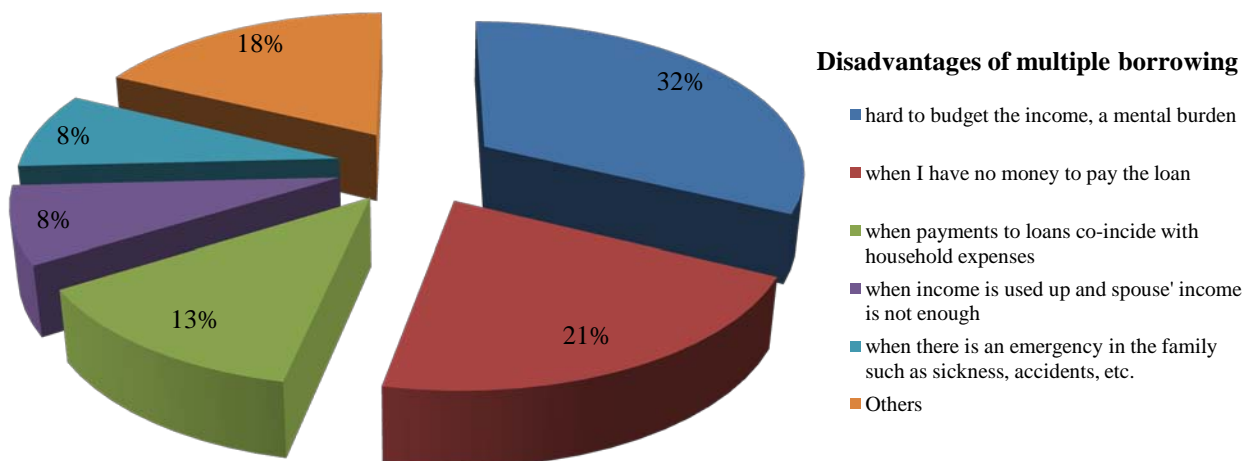
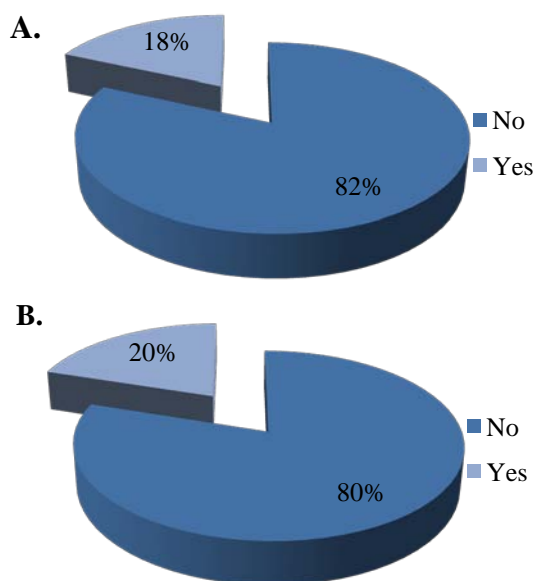


Table 14 and Figure 14. Advice on Multiple Borrowing

Would you advice friends to go into multiple borrowing?

Recommendation for multiple loans	No. of respondents (A)	Percentage	No. of respondents with multiple creditors (B)	Percentage
No	112	81.75%	48	80.00%
Yes	25	18.25%	12	20.00%

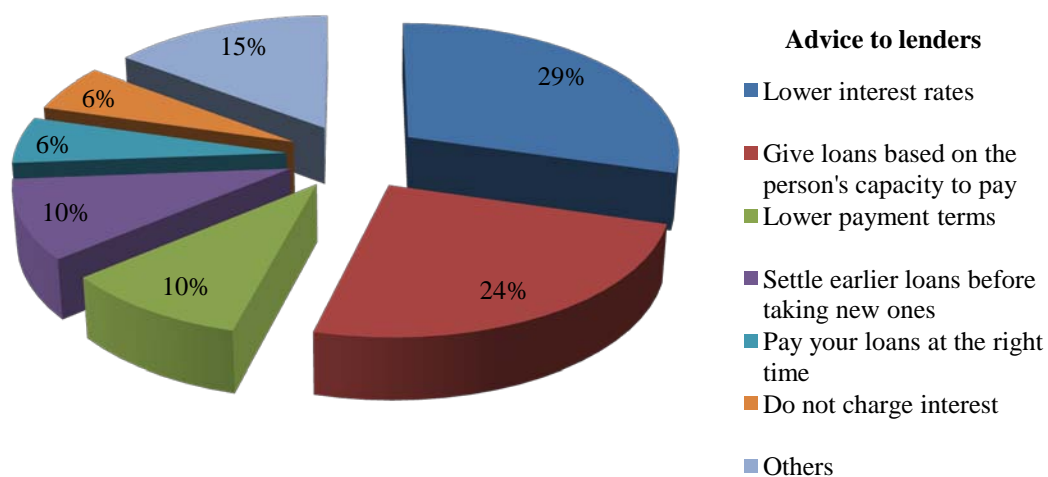


Recommendation	Reasons	No. of respondents	Percentage from total of recommendation
No (n = 60, 81.08%)	Life is hard when you have many loans	29	48.33%
	It is hard to find money to pay for these loans	20	33.33%
	You should have enough income to pay your loan	4	6.67%
	Its additional burden to the family	2	3.33%
	It is hard especially when you have no business	2	3.33%

Recommendation	Reasons	No. of respondents	Percentage from total of recommendation
	You should only have 1 loan	1	1.67%
	You will not be able to support your family's needs	1	1.67%
	You can't save for emergencies	1	1.67%
Yes (n = 14, 18.92%)	As long as they know how and when to pay	6	42.86%
	As long as the money is used for business and earn income	4	28.57%
	For good purpose	1	7.14%
	Has benefits to us	1	7.14%
	As long as it is for emergency use	1	7.14%
	As long they have assets to be used as collateral	1	7.14%

Table 15 and Figure 15. Advice to Lenders

Suggestions for MFIs	No. of respondents	Percentage
Lower interest rates	36	29.51%
Give loans based on the person's capacity to pay	30	24.59%
Lower payment terms	12	9.84%
Settle earlier loans before taking new ones	12	9.84%
Timely payment of loans	7	5.74%
Charge no interest	7	5.74%
Require them to have a business to improve financial standing and eventually pay loans	6	4.92%
Give a lower loan amount	4	3.28%
Apply 1% loan interest only	2	1.64%
Give training in handling personal finances	2	1.64%
Give considerations for emergency cases	2	1.64%
Require collateral	1	0.82%
Adjust interest rate just enough to cover the amount	1	0.82%
Grand Total	122	100.00%



Annex 1.**Questionnaire: Research on Credit Habits of Micro Entrepreneurs****Layunin ng survey:**

Magandang araw! Salamat po sa inyong binigay na panahon sa pagsali sa survey na ito. Layunin po ng survey na ito na:

1. Mapag- aralan ang ibat-ibang kaugalian sa pag hiram ng isang negosyante
2. Maintindihan ang lawak, pang-unawa at mga kadahilanan ng epekto nang pagkakaroon ng maraming pinagkakautangan.; at
3. Mabigyan ang TSPI ng kaalaman upang suportahan ang kanyang mga kliyente sa pag hawak ng perang kanyang hiniram.

Pangako sa kliyente: Sinisiguro ng TSPI na ang mga impormasyong makukuha sa survey na ito ang mananatiling confidential at magagamit lamang bilang kabahagi ng mas malawak na survey.

Paraan ng pag-sagot: Tanging mga kliyenteng mayroong loan sa TSPI ang maaring makasama sa survey na ito. Sagutan lamang ang survey na ito ayon sa inyong kasalukuyang estado, saloobin at experiences. Mayroong 15 tanong ang survey na ito; kadalasan ay masasagutan ito sa pamamagitan ng pag check (✓). Sa mga tanong na may blank, usulat lamang ang sagot na naangkop sa tanong.

1. Loan Cycle: _____

2. Dami ng nakatira sa bahay: _____

3. Edad : 18 Pababa 26 – 30 36 – 40 46 – 50
 19 – 25 31 – 35 41 – 45 51 at Pataas

4. Pampamayanang Kalagayan o Civil Status

Walang Asawa (Single) Hiwalay sa Asawa (Separated)

May Asawa (Married) Balo (Widowed)

5. Trabaho / primerang uri ng negosyo ng sumasagot

Walang Trabaho Buy & Sell – Non-Food Services – Others

May Trabaho – Pribadong Sektor Buy & Sell – Food Manufacturer

May Trabaho – Gobyerno Sari-Sari Store / Grocery Services – Transport

Iba pa _____

6. LINGGUHANG kita ng pamilya (Isulat ang tantiyang halaga) _____

7. Lagyan ng *check* ang naaayong kalagayang pampinansyal na nararanasan ng pamilya:
- Ang aking kita ay tama lamang para matustusan ang pangunahing pangangailangan ng aking pamilya (pagkain, bahay, damit, etc.)
 - Paminsan-minsan, ang aking kita ay kulang para matustusan ang pangunahing pangangailangan ng aking pamilya
 - Madalas, ang aking kita ay kulang para matustusan ang pangunahing pangangailangan ng aking pamilya
8. Sa kasalukuyan, ilan ang inyong pinagkakautangan? 1 2 3 o madami sa 3
9. Kung ang inyong pinagkakautangan ay lagpas sa isa (1) , saan ninyo ginagamit ang mga karagdagang hiram?
-
10. Sa listahan sa ibaba, maari mo bang banggitin sa amin kung saan ninyo kinuha ang inyong hiram sa kasalukuyan?

Lagyan lamang ng check ang iyong sagot; maari kayong sumagot nang mas marami sa isa	Isulat ang pangalan ng hiniraman
<input type="checkbox"/> Mga Institusyon na nagpapahiram (Non- bank financial lending institutions gaya ng NGO, Kooperatiba, etc.)	
<input type="checkbox"/> Bangko	
<input type="checkbox"/> Indibidwal na nagpapahiram na ka-pamilya / Kaibigan	
<input type="checkbox"/> Indibidwal na nagpapahiram na hindi ka-pamilya / kaibigan (gaya ng bumay, atbp.)	

11. Sa kasalukuyan, magkano ang kabuuang(Principal) hiram mula sa lahat ng pinagkakautangan? (Isulat ang tantiyang halaga) _____
12. Sa kabuuan, magkano ang LINGGUHANG hulog/bayad sa lahat ng inyong pinagkakautangan? (Isulat ang tantiyang halaga) _____

13. Paano nakatulong sa inyo ang pagkakaroon ng maraming nahihiraman tuwing kailangan nyo ng pera?

14. Paano naging ppabigat sa inyo ang pagkaroon ng maraming hiram na pera?

15. Base sa iyong karanasan, maipapayo mo ba ang pagkakaroon ng maraming pinagkakautangan?
 Oo Hindi

Bakit? _____

16. Kung kayo ang nagpapahiram ng pera, ano ang inyong gagawin upang ang mga kliyente ay hindi malubog sa utang?

Maraming salamat sa inyong oras at pakikisama. Hangad namin na ang mga impormasyon na ibinahagi ninyo para sa pag-aaral na ito ay makatulong sa institusyon na nagpapahiram upang mapagsilbihan pa kayo ng mabuti. Magandang araw sa inyo.