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*ANALYSIS OF THE PRACTICES OF RURAL BANKS IN UPLAND CAVITE*

*Thesis*

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Development Studies*

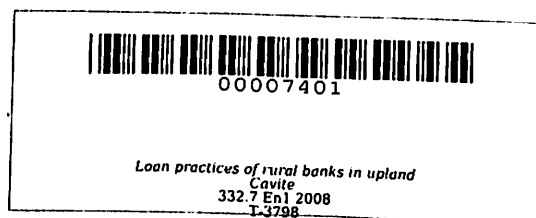
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**LOAN PRACTICES OF RURAL BANKS IN UPLAND CAVITE**

Undergraduate Thesis  
Submitted to the faculty of the  
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In partial fulfillment  
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(Major in Business Economics)



**MARICRIS L. ENCALLADO**  
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## **ABSTRACT**

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The study was conducted in upland Cavite namely; Alfonso, Amadeo, Gen. Aguinaldo, Indang, Magallanes, Maragondon, Mendez, Silang, Tagaytay and Ternate with the aim to find out if the allocated fund for agriculture loan according to the Monetary Board is being given and provided to the farmers. Specifically, the study aimed to present the profile of the rural banks in upland Cavite, determine the types of loans, identify the borrowers and the requirements for availment, determine the number of borrowers annually from 2002 to 2007; determine other financial services offered by rural banks in upland Cavite and determine the loan performance of the rural banks in upland Cavite as perceived by the bank managers.

Frequency count, mean, range, ranking and percentage were used to present the data.

The banking system in upland Cavite provide basic services such as, withdrawals and deposit, time deposit, issuance of checkbooks, bayad center, overseas and domestic remittances and automated teller machine (ATM).

One of the essential services that rural banks provide is extending loan opportunities to their clients. Results showed that agriculture loans are highly demanded in rural areas in upland Cavite. Follow by short-term loans and other long t-term loans.

From the results, farmers are the number one clients of rural banks, then businessmen and employees.

The basic requirement for the availment of loans is the residential title.

Results showed that the number of borrowers is irregularly increasing and decreasing annually from 2002 to 2007. Furthermore, respondents of the study regret to inform the researcher the target collection of loans mainly because it is confidential. According to them there is no specified target figure. Rural banks emphasized that as much as possible half of the loanable funds are returned as guided by the terms and conditions.

Also results showed that agricultural loan is performing well among the types of loans as attested by the bank managers and as supported by the tables and figures.

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# **LOAN PRACTICES OF RURAL BANKS IN UPLAND CAVITE <sup>II</sup>**

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## **INTRODUCTION**

Banks are institutions that receive and hold deposits of funds from others, make loans or extend credit, and transfer funds by written order of depositors. Depositors may be individuals, organization or corporation (*IBON, 2003*).

Under Republic Act (RA) 337 or the General Banking Act, as amended by Presidential Decree (PD) 71, banking institutions are classified into three general categories namely: commercial banks, thrift banks (composed of savings and mortgage banks, private development banks, and stock savings and loan associations) and rural banks.

Specialized government banks, such as the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP) are not covered by this classification but are subject to the supervision of the CBP - now called Bangko Sentral ng Pilipinas (BSP) – which is the nucleus of the country's banking system (*IBON, 2003*).