

**PROFITABILITY ANALYSIS OF LENDING INVESTORS
IN FIRST CLASS MUNICIPALITIES
OF CAVITE**

COLLEGE OF ECONOMICS, MANAGEMENT
AND DEVELOPMENT STUDIES

Thesis of

THE

PROFITABILITY ANALYSIS

ENDING INVESTORS

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ABSTRACT

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A study was conducted to determine the profitability of lending investors in first class municipalities of Cavite. Specifically, this was aimed to: describe the operation of lending investors business; determine the profitability of lending investors business; determine the relationship between profitability and some selected variables; identify problems encountered in the operation of the business and recommend possible solution to the identified problem.

The study was conducted in first class municipalities of Cavite namely: Cavite City, Bacoor, Imus, Dasmarinas, Silang and Tagaytay City. Out of 101 business establishment, a total of 40 lending investors were purposively selected which were all business corporations. Data were gathered through personal interview from December 1999 to January 2000.

The study showed that most of the respondents established their businesses in the year 1995. Most of them operated their business within the short-run period (1-5 years). The average initial capital of the respondents was P 671,249.50. Most of the respondents used their own savings to finance their business. It was their own choice in entering into this kind of business. Nearness of the potential customers was the main reason in choosing for the location.

There were four types of loans offered by lending investors: Salary Loan (SL), Market Vendor Loan (MVL), Chattel Mortgage Loan (CML), and Real Estate Mortgage

Loan (REM). The most common services offered were Salary Loan and Market Vendor Loan. Thus, small entrepreneurs were their management target markets. The average interest rate charged of the lending investors was 3.275 monthly. Most of the respondents the required payment period of five (5) months for the borrowed money .

The most common problems encountered by the lending investors were collection of bad debts, delinquent payment, bouncing check, and fictitious person. It was therefore, recommended that the management should hire efficient and competent collectors, brave enough to recover payments of debts even from the most unruly borrowers and improve their collection strategies and strictly implement operation policies.

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