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**LOAN MANAGEMENT OF TIBAYAN
APPLIANCE ARCADE**

CASE STUDY

GIDEON L. SANCHEZ

**College of Economics, Management
and Development Studies
CAVITE STATE UNIVERSITY**

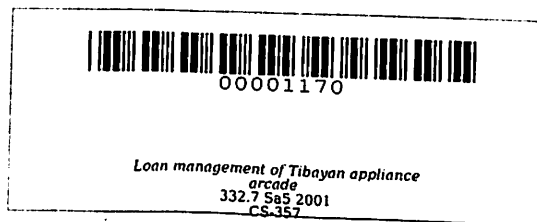
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**LOAN MANAGEMENT OF TIBAYAN
APPLIANCE ARCADE**

**A Case Study
Submitted to the Faculty of the
Cavite State University
Indang, Cavite**

**In partial fulfillment
of the requirements for the degree of
Bachelor of Science in Business Management
(Major in Marketing)**



**GIDEON L. SANCHEZ
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ABSTRACT

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A case study was conducted to enable the students to apply the knowledge gained from school, especially in marketing and in the actual management of business. Specifically, it aimed to describe the existing policies of the company's loan management scheme; discuss the appliance loan management; describe the methods in collecting receivables; and identify problems encountered and suggest feasible solutions to the various problems identified.

Tibayan Appliance Arcade is a single proprietorship business that is under the management of Tibayan Management Group International Holdings Company, Limited. The firm offers appliance loan, which is available only for all bonafide employees and extended to Tibayan Management Group International Holdings.

The said appliance loan has one month, three months and six months terms. The firm required down payments for the three and six months term loans and must be in the form of cash. This loan is non-transferable and applicants will undergo Character Investigation (C.I.) within five to ten working days which will be conducted by the Head Officer of the firm.

The application for loan is under clearance approval of the Accounting Officer of Tibayan Group's main office to make sure there is no other unpaid debt. The final approval is made by the Head Officer of Tibayan appliance Arcade and Treasury Head Officer. The applicant's Head Officer will be their co-maker. The applications will be

rejected in case the Head Officer does not agree to become the co-maker. The firm required collaterals only when needed and they accept Agents Commission (A.C.) as collateral. Approved clients who do not have Agents Commission, will pass to the Accounting Office for salary allowance deduction.

In its operation, it was observed that the processing of papers for approval by the concerned personnel was one of their problems, because it lasted five to ten working days and it was too time-consuming for the applicants. It was also observed that the firm sometimes lacks supplies of appliances and some of their appliances available for loan have a higher selling price than other appliance stores in the market. To solve these problems, the Head Officer who conducted the Character Investigation and other personnel who make an approval should shorten the time of processing of the loan application within three to five days. Furthermore, the Head Officer should purchase appliances in large quantities to avoid shortage of supply and to lower the selling price of appliances.

It is therefore recommended that the company offers installment payment basis to walk-in customers to increase sales. They should make sure that the customers who wish to apply for installment should be carefully examined. This should include his attitude, willingness and capacity to pay.

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LOAN MANAGEMENT OF TIBAYAN APPLIANCE ARCADE^{1/}

GIDEON L. SANCHEZ

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INTRODUCTION

Credit transaction occurs between two parties in which one (the creditor or lender) supplies money, goods, services or securities in return for a promise of a future payment by the other (the debtor or borrower). Such transactions normally include the payment of interest to the lender. Credit may be extended by public or private institutions to finance business activities, agricultural operations, consumer expenditures, or government project ([http:// www.Britannica.Com.Inc](http://www.Britannica.Com.Inc). 1999).

At present, banks are able to extend and increase the supplies of credit by the creation of new deposits for their loan customers. The lender must determine which loan he should give based on the character of the borrower (his intention to pay), his capacity to repay (his potential for earning income) and his collateral (property pledge in case of default on the loan). Customers and lenders, as well as the channel of credits