



UNVEILING THE LIVED EXPERIENCES OF 5-6S MONEY LENDERS: A PHENOMENOLOGICAL INQUIRY

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ABSTRACT

The purpose of this study was to uncover and understand the experiences of 5-6 money lenders in Kapalong, Davao del Norte. In-depth interviews were done with 10 purposively chosen money lenders. The gathered information was analyzed thematically. The experiences of the participants encompass the struggle of collecting debt amortization and lack of working capital. Hence, they stressed the need for financial agreements, additional investment, efficiency & amiability, and aid through training, capital, and tax incentives. The results imply that government agencies may craft a program to improve the lending experiences of the money lenders and enhance the lending industry's overall quality.

KEYWORDS: *Business management, micro-money lenders, plight, qualitative-phenomenological inquiry, thematic analysis, Philippines*

INTRODUCTION

Lending institutions, particularly loan sharks, have become one of the most significant issues facing the financial services industry, particularly mortgage lending. Many informal financiers catered to ambulant vendors, rolling store vendors, and private store owners; money lenders collect payments daily (Worokinasih & Potipiroon, 2019).

The government has proposed to combat high-interest lending in Congress, and other financial institutions have declared their concerns. Also, former President Rodrigo R. Duterte has proposed a rule to monitor the lenders to update their business registration or require lenders to report annual percentage rates for all loans to identify predatory lenders (Gonzales, 2019).

In addition, this high-interest lending is prominent in India, as it originated in the country (Kar, 2016). Aside from negative impressions about the lenders, they also experienced clients' failure to pay their obligations based on their signed agreement, considering that lenders operate in such a way that payment from the customer to the lender is not guaranteed (Karaivanov & Kessler, 2017), and this become the major problem on how the lending firms collect their money back in due time (Wondirad, 2020).

In the Philippines, lenders also experienced the same problem. Due to the unwillingness of the borrowers to pay at the scheduled time, maximizing the risk of loss leads to the bankruptcy of the lending firms (Floro, 2017). Non-recovery of loans, along with interest, forms a significant barrier in the process of the credit cycle, and these loans affect the lender's profitability on a large scale (Jha, 2019).

However, money lenders accept non-traditional forms of collateral (such as retail goods or labor services) or even no collateral (Singh, 2019). Nevertheless, to compensate for the more significant risk they are taking, lenders usually impose higher interest rates and monitor payments more frequently (Gonzales, 2019). It is, therefore, no wonder that informal lending schemes cause further financial distress to people with low incomes who rely on them the most (Ferrer, 2017).

With the problematic situations presented above, the researcher finds it necessary to conduct this study to generate knowledge and solutions to the problem. Furthermore, the conduct of this study added to the body of literature about problems and issues related to 5-6s money lending in the lending practices of different money lenders. The results and findings of the study will be a promising avenue and point of reference for the different 5-6s money lending institutions in developing 5-6s money lending.



Moreover, they had yet to find a study that focused on the lived experiences of 5-6 money lenders. However, there are different perspectives and views about 5-6 money lending, such as the study of Dula and Grego (2015) and Santos (2020). However, it focused on the experiences of the borrowers of 5-6 money lending, not the lenders themselves, and this research should have been completed using a statistically quantitative method. So, the researcher's prerogative is to study the lived experiences of the 5-6 money lenders in their dealings with lending regarding collection policy and its societal challenges.

The results and findings of the study will be a promising avenue and point of reference for the different 5-6s money lending institutions in developing 5-6s money lending, which will adhere to the policy of the state to legitimize or update their business registration and protect their right at the same time, that would also help the economy. Thus, the study will give all creditors and debtors awareness of their social responsibility towards the lending institution.

OBJECTIVES

This phenomenological study aimed to unveil and understand the experiences of 5-6s money lenders in the Municipality of Kapalong. It also elicited their coping techniques for dealing with company issues and insights they could share with stakeholders. Specifically, it seeks to answer the following research objectives:

1. What are the experiences of 5-6s money lenders in operating the money lending business in Kapalong?
2. How do the 5-6s money lenders cope with the challenges they encounter in running their businesses?
3. What insights can the stakeholders draw from the money lenders as a basis for decision-making?

METHODS

The design of this investigation is qualitative. One form of qualitative research method is phenomenology. Phenomenology is a way to study an idea or concept that holds a standard phenomenology of individuals. This approach centers around the life experiences of a particular phenomenon. It attempts to set aside biases and preconceived assumptions about human experiences, feelings, and responses to a particular situation (Yin, 2012; Creswell, 2013). ("underlying principles It attempts to set aside biases and preconceived ...")

As such, this phenomenological research study focuses on understanding the lived experiences of 5-6 money lenders in the municipality of Kapalong. A phenomenological research design provides an understanding of the themes and patterns portrayed by the study's participants. The participants in the study were asked interview questions such that their specific experiences would be identified and discussed.

The participants in this study were the 5-6 money lenders in Kapalong, Davao del Norte, who are Pinoy lenders. Through this, the researcher will gather relevant and primary data useful for the research study.

In this phenomenological study, the participants will be taken in Kapalong, Davao del Norte. Upon participant selection, the researcher employed purposeful sampling to ensure that only those who gave the necessary data were to participate in the study. As to the pre-inclusion criteria, participants must be 20 years old and above and have started their business by 2018 at the very least. The number of participants in the study was ten (10). It should have 10 Pinoy lenders. Above these, the participant must have the willingness to participate in the conduct of the study. (Dornyei, 2007).

Moreover, the researcher will have 10 participants undergoing an in-depth interview (IDI).

RESULTS AND DISCUSSIONS

Lived Experiences of the 5-6 Money Lenders in Kapalong

The money lending-related experiences of the participants were drawn through in-depth interviews. Their responses were analyzed, and four major themes emerged -- Struggle of Collecting Debt Amortization, Lack of Working Capital, Safety, and Paybacks. The core ideas supporting these themes are presented in Table 1.

Table 1. Lived Experiences of the Participants

Themes	Core Ideas
Struggle of collecting debt amortization	Many clients fail to pay their amortization on time
	Delay of payment of debt amortization of clients, which extends the payment period from 6 months to 9 months
	Sorting to legal action due to unmindful of their obligations
	Encounter a fight or conflict because some clients do not pay



Lack of working capital	Insufficient funds due to irregular payment of clients' debts
	Liquidity of the business due to the difficulty of collecting
Safety Issues	The risk of bringing/holding material amounts of money with the use of a motorcycle
	No proper summation of collected money
	Employees are not trustworthy because they interfere with the collected money
Paybacks	Being able to help address the financial needs of the borrowers, either personal or business
	Dependable return in the form of interest
	Earning sufficient business income

This result supports the finding of several researchers that collecting debt amortization has been a persistent and longstanding financial issue around the world. Many countries still face the challenges of delay of payments, failure to pay debts on time, and runaway clients. Poor collection, paybacks, and repayment obligation are key issues to be addressed at all stages in collecting debts (Ben-Galim & Lanning, 2010; Balás et al., 2015; Campbell & Cocco, 2015; Dimitrios et al., 2016). Cabaron (2023), on the other hand, attributed this struggle to poor loan appraisals, inadequate lending requirements, and inadequate portfolio risk management, which even rural banks encounter.

Coping Strategies of the Participants with the Challenges

The participants also shared how they cope with the challenges they encounter in operating their money-lending business. The themes representing these strategies are presented in Table 2. Four major themes emerged from the participants' sharing: Financial Agreements, Additional Investment, Leveraging Capital, and Cash Handling Policy.

Table 2. Coping Approaches of the Participants with the Challenges

Theme	Core Ideas	Challenges
Financial Agreements	Requiring a contract	Contract compliance
	Limit the ceiling amount.	
	Proper screening of prospective borrowers/clients	
	File complaint in barangay hall	
Additional investment	Expand revenue through diversified ventures	Lack of working capital
	Infusion of additional capital	
Leveraging Capital	Borrow funds for additional capital.	
Cash handling policy	Collectors are discouraged from handling large sums of money	Security

The infusion of additional capital as coping to avoid bankruptcy affirms Worzie's (2020) claim that investment decisions contribute to a firm's success or failure. Apparently, Akerlof et al. (2020) asserted that investing in another business to maintain and support the needs of the lending business is an effective strategy.

Participants' Insights to Concerned Stakeholders

The insights shared by the participants are intended for their colleagues in the money lending business, as well as government agencies. For their peers, they had emphasized developing resiliency, efficiency, and amiability amidst business adversities. Also, they stressed the essence of being socially responsible and implementing relevant collection policies to sustain the business operations.

Table 3. Insights of the Participants to the Stakeholders

Stakeholders	Themes	Core Ideas
	Efficiency & amiability	Good management in running the business
		Friendliness with the clients
	Social Responsibility	Being relevant to community needs as a business drive.
		Paying business income taxes as a source of fulfillment
Government Agency	Entrepreneurial Empowerment	Conduct training for entrepreneurs
		Legal provision for money lenders security
		Aid from the government in the form of capital
		Reduce income tax or tax incentives.



The expressed need for training jives with the conclusion of Sikki et al. (2019) that professional development for money lenders is necessary to create a better education. By participating in such activities, lenders improve and raise their confidence as business owners. Also, Boruah (2018) highlighted that attending only one training in the development of self-learning may not be enough to transform money lenders into skilled lenders. Hence, it is best to provide a series of training courses for the lenders so they can expand their knowledge about developing certain self-paced materials.

CONCLUSION

In summary, the participants have generally expressed their hardships related to security, high taxes, insufficient funds, as well as struggles in collecting debt payments. These imply that certain improvements may be made within the Municipality of Kapalong to improve and support the lending business of the money lenders and enhance the business's overall operation. This study is therefore deemed significant as it highly contributes to the body of knowledge related to business development.

I came to the realization that the participants' critical experiences were like mine as a business owner. In a strange way, the study has empowered me by giving me the ability to convey my narrative from the viewpoints of others. Knowing that I was never alone on this arduous trip made me feel fulfilled.

And above all, I feel that this entire academic journey has been worthwhile. My knowledge of lending money and collecting debts increased significantly after I spoke with the moneylenders. In my opinion, the entire project has contributed significantly to my professional growth. My research boundaries were broadened even more by it. I gained persistence, tolerance, comprehension, and fortitude from it. Books, the internet, and classes taught me things I never would have known. Most importantly, I'm happy that the study is now complete.

This humble work may improve the lending practices and policies of all the money lenders in Kapalong. Through this inquiry, the Local Government Unit (LGU) may take more action to aid the moneylenders in their plight. Also, the Department of Trade and Industry may organize training and seminars that help address the needs of the money lenders as well as provide insurance to them. Lastly, I hope this research study has brought the same understanding and learnings to whoever reads this manuscript until its last page.

RECOMMENDATION

The findings of the study have managed to mirror the lived experiences of the 5-6s money lenders in the Municipality of Kapalong. Using these findings, it is high time to provide possible implications that can be used to improve the policies in lending firms that may enhance the debt collection of the money lenders.

First, to the lending owners, the study offers a wide variety of coping strategies that may be used when they adopt the policy framework. As it was found that financial agreements have been one of the keys in overcoming the challenges and difficulties of the lending business, it is strongly urged that money lenders adopt collection policies to boost cash flows.

Moreover, the study found that additional investment helps cope with the financial burdens brought on by a lack of working capital. As such, money lenders may consider taking business opportunities or venturing out to sustain and provide for the needs of the firms.

Second, to the financial educators, the study also points to the fact that certain improvements can still be made in terms of the educational needs of the borrowers and lenders. Aside from that, the borrowers are also encouraged to provide their feedback about the lending practices. Their comments would greatly help restructure and improve the existing lending firms' practices.

Third, the relevant government agencies may provide financial support to micro money lenders through grants, subsidies, or low-interest loans to help them overcome the challenges of lack of working capital. They may also regulate the microfinance industry to ensure that micro money lenders operate ethically and responsibly. This may include setting interest rate caps, enforcing consumer protection laws, and promoting transparency and accountability. Moreover, governments may provide technical assistance to micro money lenders to help them improve their operations, such as training in financial management, risk assessment, and loan appraisal. They may promote partnerships between micro money lenders and other financial institutions, such as banks, to help them access additional sources of funding and expand their services.



Finally, the study validates Hawley's Risk-Bearing Theory of Profit, as the findings show that the primary purpose of an entrepreneur is to take risks. Furthermore, Akerlof's information asymmetry theory has been reiterated in this study, stating that lenders and business owners must be aware of the risks and rewards linked with investment projects.

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The authors declare no funding and conflicts of interest for this research.

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