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CHALLENGES OF BORROWERS IN INFORMAL LENDING SYSTEM: A STUDY ON 5-6 BORROWERS

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ABSTRACT

This study assessed the challenges encountered by borrowers in informal lending systems as basis for financial plan. It focuses on the assessment of borrower experiences in terms of high-interest rates, unfavorable terms, threats, and harassment.

The participants in this study were thirty (30) borrowers using Cronbach method of computing the sample size. Purposive sampling was used in the study. The researcher conducted survey which was specially accustomed for the use of significant data regarding the respondents' profile specifically their age, sex, highest educational attainment, and income, and the assessment of challenges in informal lending systems.

The study yielded the following findings: majority of the respondents are female, aged 31 to 40 years old, high school graduates, and earn Php 5,000 and below monthly.

The respondents agreed that high-interest rates, unfavorable terms, threats, and harassment are common challenges. There was no significant difference when profile was considered. Hence, the Financial Plan (FP) was crafted to address borrower challenges.

Keywords: *informal lending, financial plan, high-interest rates, harassment*

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