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Credit Granting System of the Salary Loan Program of Specialized Government Banks with Partner Institutions Intervention

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Abstract: *This research assessed the credit granting system (CGS) on salary loan program (SLP) of the selected specialized government banks (SGBs) in the Philippines, which perceived to be tight and yet loose. It aimed to discern SLP's CGS level of effectiveness with intervention of partner institutions, and to determine its significant relationship to SLP's level of financial performance. To gauge the former, its tight to loose classification in terms of adopted credit control techniques were utilized. Whereas, to measure the former, total collection of receivables vs outstanding receivables and realized non-performing loans vs total loans were used. Data applied are gathered from primary source via conducted interviews and distributed survey questionnaires among its implementing bodies and beneficiaries/clients. Secondary data are also tapped in backing up the concepts this initiative might cover and further tackle. Likert scale was applied for data acquisition and analysis. The statistical tools being used are mean, percentage frequency distribution, and spearman's coefficient of rank correlation (p) or spearman rho using an alpha of 0.05 for a two tailed test in identifying the* H_o *decision. This study found out that this lending activity has been executed with diligence thus avoid uncertainties. Problems encountered are contributed by weak assessment for qualified borrowers as intervened and endorsed by their respective mother units. These remain manageable as the banks' financial statements for SLP showed "benefits outweighing risks". Overall, clients' eligibility, partner institutions' competency, and banks' expertise in credit granting and collection system should be properly observed for more profitable end results. As such, comprehensive guidelines, orientation, training, and effective credit control techniques must be adopted before and during its implementation phase. Creation of partner institutions' credit committee for distinct identification of eligible borrowers is necessitated. Availment of Government Service Insurance System (GSIS) Facility Assistance Program (GFAL) to cover up outstanding loan balance from SGBs of concerned SLP clients would be the best solution to patch up the loopholes hampering the one-hundred percent success of SLP's operation.*

Keywords: *Specialized Government Banks, Salary Loan Program, Credit Granting System, Credit Control Techniques, and Financial Performance*.

I. Introduction

Research Rationale

Offering loans is one of the wide ranges of services offered by the banks, which dominate the Philippine financial system. Furthermore, according to the Manual of Regulations for Banks, these loans include retail loans, loans to micro and small enterprises, microfinance loans and unsecured small business loans, and consumer loans (i.e., housing loans, car or auto loans, loans for the purchase of appliance and furniture and fixtures, loans for payment of educational and hospital bills, salary loans and loans for personal consumption, including credit card loans).

Banking industry plays an important role in the growing demand of the Philippine workforce for loans acquisition by which Salary Loan Program (SLP) is one. SLP which is the coverage of this study, also referred to as 'Salary-Based General-Purpose Consumption Loans (SBGPCL) are unsecured loans for a broad range of consumption purposes, granted to individuals mainly on the basis of regular salary, pension or other fixed

[1]*The views presented in this paper are those of the author and as excerpted from collated personal opinions of the concerned interviewees, and do not necessarily reflect the position of the BSP and government banks mentioned herein.*

compensation, where repayment would come from such future cash flows either through salary deductions, debits from the borrower's deposit account, mobile payments, pay-through collections, over-the-counter payments or other type of payment arrangement agreed upon by the borrower and lender (BSP, 2014).

Under BSP's released Factbook, out of the three SGBs in the Philippines namely Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) now known as the Philippine Amanah Bank (PAB), Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP), only LBP and DBP offer Salary Loan Programs to its tie-up or accredited institutions. The AAIIBP or PAB, according to its website, offers only personal loans. Based on the "Salary Loan vs. Personal Loan", aside from the fact that personal loans bear higher interest rate, it differs from salary loans in such a way that personal loans will not be deducted straight from the employee's salary but will be paid directly by the employee on a monthly basis.

The SBGPCL offered by LBP is known as Mobile Loan Saver, offered primarily for Institutional/Corporate clients of private entities or government entities who are eligible based on the criteria set by the bank. On the other hand, the DBP offers its Salary Loan Facility primarily for verified government employees identified as eligible salary loan participants. As such, this research focused on the credit granting system adopted by these two SGBs only.

A credit granting system with tight but loose acquisition process and deduced to be riskier called the attention of the researcher to determine its level of effectiveness vis-à-vis the SLP's financial performance.

Tight as supported by credit control strategies and policies that are stipulated in the Memorandum of Agreement (MOA) constituting the following functions to perform by:

(1) for SGBs: evaluate duly accomplished documentary requirements; verification of the credit standing of the borrower; conduct of credit reexamination upon default on payment of the partner institutions; and covering the loanable amount in a credit insurance policy for recovery on possible early death of the borrower.

(2) for partner institutions: authority to assess, identify and endorse eligible borrowers; submission of documentary requirements; designation of co-maker; collection of amortization dues upon approval; and deduction of outstanding balance from the borrower's future claim from employer/Social Security System (SSS)/ Government Service Insurance System (GSIS) upon default due to separation from service.

And, loose with the authority given to partner institutions despite professional incompetence to identify eligible borrowers, whom at the same time are not compelled to present any forms of collateral.

This loan program is beneficial to the grantor-banks specifically if they are the access for operation of the borrowers' employers since the lent money is commonly deposited with them which makes its repayment more convenient than other types of loans they grant as it is directly deducted from the latter's payroll within their reach (Pinoy Business, 2016).

However, though partner institutions have a hold in said uncollateralized loans with minimal requirements, banks deny loan renewal or reapplication upon former's default on payment for reassessment and reexamination purposes (Astongo, 2011). Receivables for salary loans jumped 20.6% to P76.12 billion ($1.62 billion) in end-March from P63.12 billion ($1.35 billion) in end-December (BSP, 2015). This shows that the looser the credit standard or less restrictions imposed for approval requirements results to more frequent default which calls for BSP to intensify monitoring of the banks' offered salary loan program. Hence, this study.

II. Problem Statement, Research Objectives and Assumptions

This study aims to assess the tight out of loose credit granting system of salary loan programs of the government banks with the intervention of their partner institutions. Specifically, it seeks to answer the following:

1. What is the demographic profile of the respondents with regard to:
   a. Implementing body (SGBs and partner institutions)
      i. Educational Attainment

   ii. Field of Specialization
   iii. Number of years in service
   iv. Position
 b. SLP clients
   i. Employment Status
   ii. Number of years in the institution

2. What is the level of satisfaction of SLP clients relative to:
   a. Loan Interest
   b. Loan terms
   c. Loanable amounts
   d. Loan process duration

3. What is the level of conformance to the SLP Memorandum of Agreement of the respondents, to wit:
   a. Partner Institution
      i. Assessing and endorsing eligible borrower and his/her co-maker (if any)
      ii. Assisting the implementation of the SLP guidelines, rules, and policies
   b. SGBs
      i. Ensuring duly accomplished copy of documentary requirements
      ii. Verification of borrowers' credit standing

4. What is the tight to lose classification of SLP's CGS as perceived by the respondents in terms of the following credit control techniques:
   a. Credit Scoring
   b. Credit Guarantee
   c. Credit insurance
   d. Credit reexamination

5. What is the level of SLP's financial performance as per:
   a. Total collection of receivables vs outstanding receivables
   b. Non-performing loans vs total loans

6. Is there a significant relationship as perceived by the respondents among the following variables:
   a. SLP's CGS classification in terms of credit scoring and its level of financial performance.
   b. SLP's CGS classification in terms of credit guarantee and its level of financial performance.
   c. SLP's CGS classification in terms of credit insurance and its level of financial performance.
   d. SLP's CGS classification in terms of credit reexamination and its level of financial performance.

This study is conducted with a purpose to gauge the competitiveness and readiness of partner institutions with their intervention to SGBs' SLP. Also, to determine the corresponding effect of uncollateralized with minimal requirements credit granting system to the financial position of its proponent for SLP amidst adopted credit control techniques.

Relative thereto, it may be assumed that this SLP's credit granting system as per tight to lose classification of its backed-up credit control techniques has significant relationship with the SLP's financial performance in terms of total collection of receivables vs receivables outstanding and non-performing loans vs total loans.

III. Significance, Scope and Limitations

Results of this study could be highly significant and beneficial to the following:

1. In consequence of the SGBs prior taken actions as reflected in this study, they may take into consideration empowering their partner institutions in the pursuit of identifying eligible borrowers by the conduct of seminar on credit granting system of this SLP. Also, it will help them improve their succeeding lending decisions in due regard to strict enforcement of prior adopted credit control techniques.

2. The clients-employees will be educated on the corresponding effect of loan default/ delinquency as commonly caused by separation from service, e.g. resignation, retirement, termination, absent without leave,

and retrenchment or end of contract including early death. Negligence to pursue paying the loan despite exit from the company shall construe to mean assumption of additional interest charges as time goes by. They cannot escape from its burden coz their outstanding balance will be deducted from future claims from employer and SSS/ GSIS.

3. Institutions which are already connected or about to avail this SLP for their respective interested employees Will be thoroughly guided with their participation or intervention to its execution proceeding. A matter of coping up or avoiding prevalence of risks as identified herein thus protect their reputation and good relationship with the banks and secure employees' welfare as well.

This study highlighted the credit granting system in terms of tight to loose classification of credit control techniques. Although banks in the Philippines are undertaken by the private and government sector, this paperwork covered the latter alone as it is recognized to have tighter SLP than the former as it can hold proceeds to claim from SSS/ GSIS upon default on payment of its clients. Among the three government banks we have, this research excluded the AAIIPB or PAB and covered only the LBP and DBP out of different features and nature of personal loans the former extended unlike to that of the last two which are of same kind or have commonality as per their stakeholders transacted with, applied loan attributes, credit management and collection techniques.

This research focused on SLP's credit granting system in effect to its providers' financial performances for the period of C.Y. 2015 to 2016. Its coverage area is limited to the main offices and selected branches of the LBP and DBP, their respective accredited partner institutions and clients-borrowers in Metro Manila due to accessibility and for more efficient information and data gathering endeavor. Three sets of questionnaires were drawn as per categorized three groups of respondents, to wit: (1) SGBs' credit administration team, (2) partner institutions' credit facilitators, and (3) clients-employees.

To assure manageability in tabulation and analysis of collected data, provided questionnaires are answerable in a Likert Scale format. Interviews are conducted among concerned authorities of the banks and partner institutions and the borrowers as well. Secondary data included herein are taken from different sources like the newspaper, books, journals, and internet.

IV. Synthesis of Selected Literature

The following are selected literature among the many used for this research that deem to hold utmost relevance:

1. GSIS (2019), GSIS Financial Assistance Program (GFAL) is a new feature in GSIS latest loan transfer and consolidation program. Under GFAL, GSIS members may transfer loan up to Php500,000.00 to the pension fund from lending institutions such as government banks and cooperatives, that are duly accredited by their agencies. The loan, which has a lower interest rate of six percent per annum and longer repayment period of six years, will be directly paid to the lending institutions. However, should a member's total loan with the lending institution below Php500,000.00, the balance may be applied for as Top-Up Loan, with the proceeds directly payable to the borrowers through check. This aims to improve their financial capacity and help them refinance their outstanding loans with lending institutions.

2. BSP (2014), stressed out to strengthen credit risk management practices of financial institutions (FIs) and provide minimum set of operating standards that are consistent with BSP regulations and the Basel Core Principles for effective bank supervisions. BSP expected FIs to adopt as part of their internal policy on credit risk management framework, sound policies and practices covering the following areas, as a minimum:
   (a) establishing an appropriate credit risk environment;
   (b) operating under a sound credit granting process;
   (c) maintaining appropriate credit administration, measurement and monitoring process; and
   (d) maintaining an appropriate control process.

This BSP's provision compelled the SGBs to ensure full execution of their adopted credit control techniques for SLP in order to protect not only of their image and reputation but the interest and security of the public depositors as well.

Conceptual Framework and Research Paradigm

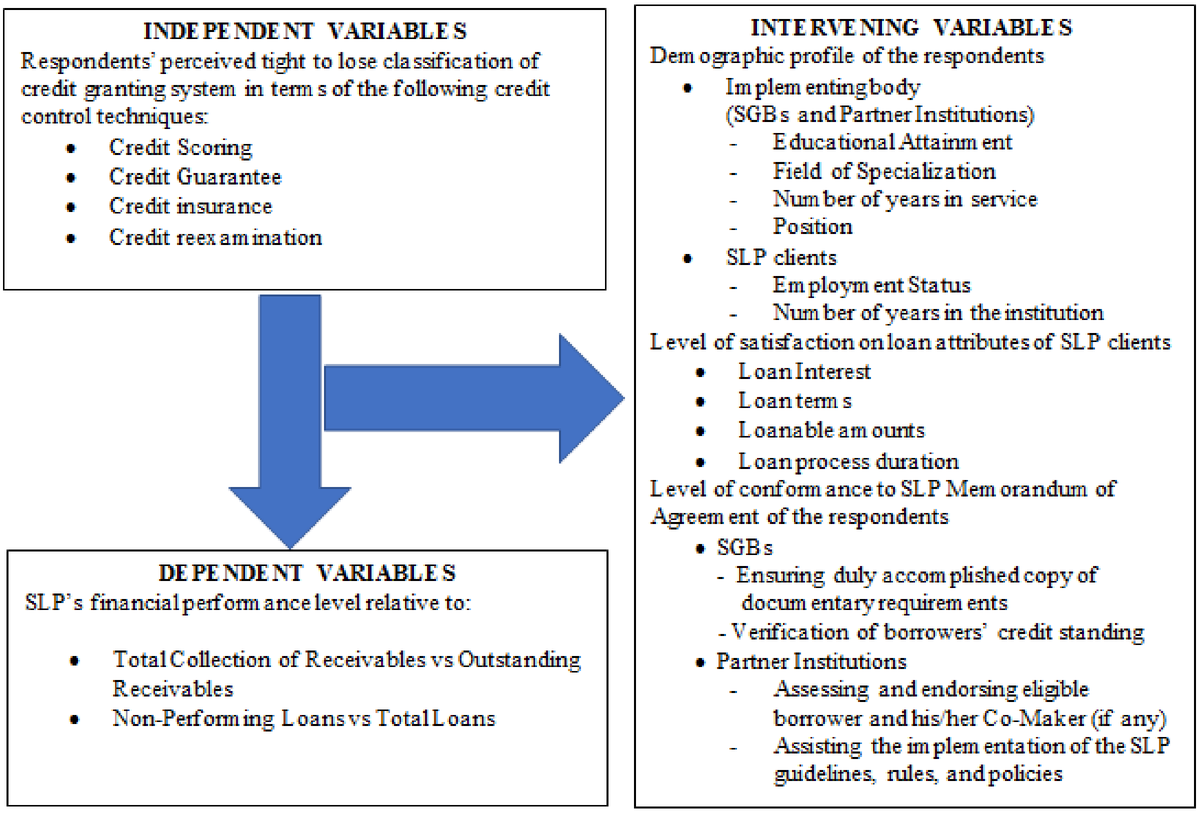

Fig. 1: Research Paradigm in the "Credit Granting System of Salary Loan Program of Specialized Government Banks with Partner Institutions Intervention"

Basically, the banks financial performance in terms of their total collection of receivables vs receivables outstanding and realized non-performing loans vs total loans can be affected by their adopted credit control techniques (credit scoring, credit guarantee, credit insurance and credit reexamination) based on how these are applied to the SLP process. Its success and failure are controllable depending on the competency and consistency of the variables intervening thereto like the profile of the implementing bodies and SLP clients, satisfaction on loan attributes (loan interest, loan terms, loanable amounts and loan process duration). Likewise, conformance to MOA between the: banks for ensuring duly accomplished copy of documentary requirements and verification of borrowers' credit standing, and partner institutions: assessment for endorsement of eligible borrowers and co-makers and assisting the SLP implementation pursuant to its set guidelines, rules and policies.

V. Methodology and Scope

Purposive sampling technique was utilized in the determination of respondents in this study. SLP's implementing bodies and clients were recognized to be the most reliable source of data and information about its operation. But as the former is limited to a specific group of personnel and the latter is inaccessible due to inconsistency of their work schedules particularly in educational institutions, the researcher chose subjectively members of population to participate herein. More so, since it entails the discernment of the factors that can hurdle SLP's profitability, the type of research used was Correlational (Cause and Effect).

A total of 240 persons served as respondents for this research with profile and details as follows:

- SLP Implementing Bodies
  1. Twenty (20) SGBs' credit collection officers
     - Ten (10) from different branches of LBP
     - Ten (10) from different branches of DBP
  2. Twenty (20) partner institutions' human resource officers
     - Ten (10) from different partner institutions of LBP
     - Ten (10) from different partner institutions of DBP

- SLP Clients
  1. One hundred (100) LBP SLP's clients, Ten (10) per partner institution
  2. One hundred (100) DBP SLP's clients, Ten (10) per partner institution

Other relevant criteria include:
1. Respondents from the banks from main to branch office, and partner institutions are designated to administer, have direct access, and fully knowledgeable about the SLP's operation.

2. Partner institutions' employees whose applications and loanable amount for the banks' SLP were already approved and taken respectively are those who comprised the SLP clients-respondents.

Protocols were used for understanding and proper guidance of all the respondents in the:
1. Classification from tight to lose credit granting system in terms of the following credit control techniques:
   a. Credit scoring should be based on the history of the customer, and the amount of credit requested. Credit scoring is a numerical way of assessing a borrower's capability to pay the loans he applied for. A credit score is based on many things, one of which is the borrower's credit history from previous undertaken loan transactions. A credit score plays a big role whether the lender will approve the application made by the borrower. A low credit score reflects the borrower's inability to pay off their loan at the specified maturity date (Langdon, 2016).

   b. As to guarantees for consumer loans, when banks cannot decide based on historical information, they require some sort of security, which often comes in the form of a personal guarantee (Pritchard, 2016). Designation of co-maker and guarantee of employer, SSS and GSIS to finance default outstanding balance to be deducted from future claims of the borrowers with them are also considered hereby.

   c. Credit insurance, a matter of transferring risk as caused by possible early death of the borrower can be availed by entering to a policy with an insurance company.

   d. Credit reexamination upon default of monthly overall dues for SLP of the partner institutions is conducted by holding/pending new loan applications, reinvestigation of its root cause and in some cases, amending terms and conditions prior set in the MOA.

2. SLP's level of financial performance

This was designated to answer only by the SGBs' personnel who have direct access to SLP's operation thus project with objectivity. Odd-Likert scale was used to collect these respondents' opinions and agreement levels with five (5) given options ranging from excellent to poor where each value's interpretation is within their reach and line of expertise. This was measured using the following parameters:
   a. Total collection of receivables vs outstanding receivables – with the amount of receivables collected against the amount of receivables to be collected, the higher this ratio is the higher or better would be the loan performance.
   b. Non-performing loans vs total loans – out of the amount of loans with a probability not to be collected vis-à-vis the amount of loans to be collected, the lower this ratio is the higher or better would be the loan performance.

Their responses which manifested how identified possible credit risks have been managed as reflected to the banks-SLP's financial status were statistically measured using Spearman's Coefficient of Rank Correlation (p) or Spearman rho at 0.05 level of significance for a two tailed test.

Same with the first two, Likert scale was also utilized in determining the level of satisfaction on loan attributes of clients and level of conformance to MOA of implementing bodies which were considered to contribute for discernment of SLP's level of effectiveness. Likewise, to show the number of observations within a given interval and to ascertain the average ranking of the respondents' answers, percentage frequency distribution and mean statistical tools were used, respectively. Personal interviews were conducted to some of the respondents after answering the distributed survey questionnaires, hence open-ended questions were no longer included therein.

3. Choices to respond for the queries raised in this research's survey questionnaires were ranked in a Likert scale format with the corresponding 5 to 1 value, with 5 being the highest and 1 for the lowest, which goes as follows:

a. SLP-Clients' Level of Satisfaction: Very Satisfactory, Satisfactory, Neutral, Fair and Poor.
b. Implementing Bodies' Level of Conformance to MOA:
Strongly Agree, Agree, Fair, Disagree and Strongly Disagree.
c. SLP-CGS Classification as per Credit Control Techniques:
Tight, Moderately Tight, Average, Moderately Loose and Loose.
d. SLP's Level of Financial Performance – Excellent, Above Average, Average, Below Average and Poor.

VI. Results and Discussion

The following are the significant findings of this research:

1. Respondents Demographic Profile

a. Implementing Bodies: All of them are college graduates. Out of the total respondents from the banks, half of them were specialized in branch operations and unit head of the bank as well. While majority of the respondents from the partner institutions are Human Resource Officers.

b. SLP Clients: Majority of them aged from 50 to 56 years old. Also, they composed most of professors. Most of them are serving for about 16 to 23 years and on permanent employment status. There are minimal number of co-terminus employees.

2. SLP Clients level of satisfaction as per loan attributes

Out of the total respondents, majority or 37% favored with satisfactory response for the imposed loan interest, 50% of them for loan term and 55% of them for loanable amount of SLP. While most of them or 33% answered neutral for the loan process duration.

3. Level of Conformance to Memorandum of Agreement

a. SGBs: More than half or 65% of the total respondents were strongly agreed that they ensure submission of duly accomplished copy of documentary requirements. While majority or 40% of them rated fair the verification of the borrowers' credit standing.

b. Partner institutions: Majority or 45% of the total respondents answered that they highly conformed to their obligations stated in the MOA specifically in terms of assessing and endorsing eligible borrowers. Whereas as to designation of co-maker, most of them or 40% stand for strongly disagreed post as it's not a compulsory requirement for application to SLP particularly in LBP. An equal frequency distribution of 35% between strongly agreed and fair were rated among the respondents in assisting the implementation of SLP's credit guidelines, rules and policies.

4. Respondents Perceived Tight to Loose Classification of SLP's Credit Granting System as per Credit Control Techniques.

This was interpreted by respondents' category in due consideration of the chosen CGS classification with highest percentage distribution as per their respective total population. It's in this regard as each one of them have different viewpoints classifying SLP's CGS based on the following credit control techniques:

a. Credit Scoring – out of the total respondents for (a) SGBs, 45% for average led over the rest which was seconded with 40% for moderately tight; (b) partner institutions, tight and loose obtained equal distribution of 25% and followed by moderately tight and moderately loose with equal distribution of 20%; and (c) clients, 27% of them rated average and 26% answered moderately loose.
b. Credit Guarantee – loose classification was marked by 80% of the SGBs total sample population, same as to 100% of the partner institutions, while 29% of the clients who led over the others with a rate of moderately tight.
c. Credit Insurance – average classification topped the majority for 45% of the SGBs and 40% of the partner institutions' total respondents. But for clients, it was the tight and moderately tight with an equal distribution of 38% that prevailed.
d. Credit Reexamination – 40% of the SGBs rated average, 45% of the partner institutions with loose rank, and 91% of the clients for tight level.

Overall, with total respondents of 240 from 3 groups of given samples, 37.5% or majority classified credit scoring as tight. Whereas, 45.42% or most of them identified credit guarantee to be loose. Moderately tight reigned for credit insurance from 36.67% or many of them. While 79.17% or almost all of them categorized credit reexamination as tight.

5. SLP's Level of Financial Performance

This study gauged the SLP's financial performance as per its total collections of receivables vs outstanding receivables and non-performing loans vs total loans. To somehow post reliability of information for this item, respondents were limited to covered banks' personnel who are directly affiliated to SLP operations. Whereas, out of 20 respondents, 60% answered that their total collection performance vs outstanding receivables and 65% for non-performing loans vs total loans are both on average level.

6. Respondents' Perceived Correlation between Tight to Lose Classification of CGS based on Credit Control Techniques and Level of Financial Performance as per Total Collection of Receivables (TCR) vs Outstanding Receivables (OR) and Non-Performing Loans (NPL) vs Total Loans (TL).

CGS Credit Control Techniques	Credit Scoring						Credit Guarantee					
Respondents	SGBs		Partner Institutions		SLP Clients		SGBs		Partner Institutions		SLP Clients	
Financial Performance	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL
Spearman rho (*p*) two tailed	0.083	0.263	0	0.008	0	0.044	0.019	0.598			0.007	0.289
H*o* Decision	accept	accept	Reject	reject	reject	reject	reject	accept	no value	no value	reject	accept
CGS Credit Control Techniques	Credit Insurance						Credit Reexamination					
Respondents	SGBs		Partner Institutions		SLP Clients		SGBs		Partner Institutions		SLP Clients	
Financial Performance	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL	TCR/OR	NPL/TL
Spearman rho (*p*) two tailed	0.897	0.909	0.064	0.888	0.105	0.562	0.063	0.614	0.005	0.104	0.894	0.103
H*o* Decision	accept	accept	Accept	accept	accept	accept	accept	accept	reject	accept	accept	accept

Spearman's coefficient of rank correlation (*p*) or spearman rho using an alpha of 0.05 for a two tailed test in identifying the statistical decision for hypothesis testing of accepted or in no significant H*o* if computed *p* value > 0.05, and rejected or in significant H*o* if computed *p* value < 0.05, provided the following outcomes for H*o* decision on respondents' perceived correlation between SLP's level of financial performance as per TCR vs OR and NPL vs TL and tight to loose CGS classification in terms of:

a. Credit Scoring – SGBs, both accepted or in no significant correlation; and partner institutions together with SLP clients, obtained both rejected or in significant correlation.
b. Credit Guarantee – SGBs and SLP clients had rejected or in significant correlation under TCR/OR and accepted or in no significant correlation for NPL/TL; while partner institutions, had same no value.
c. Credit Insurance – SGBs, partner institutions and SLP clients, all of them got both accepted or in no significant correlation.
d. Credit Reexamination – SGBs and SLP clients, both bore an accepted or in no significant correlation; and for partner institutions, with rejected or in significant correlation under the TCR/OR and accepted or in no significant correlation for NPL/TL.

VII. Conclusion and Recommendation

Based on the findings above, the following can be concluded:

1. With the SLP loan attributes comprising of the loan interest, loan term, loanable amount and loan process duration, the first three obtained higher clients' level of satisfaction than the last one. Conducted interview revealed that delay on loan processing is as brought by partner institutions by group and not by individual submission of loan applications to the banks. Also as caused by their default on monthly overall dues which compelled the banks to undergo a credit reexamination.

2. Prevailing strongly agree answer on conformance to MOA in terms of assessing/ endorsing eligible borrowers and assisting the implementation of SLP's credit guidelines and policies pursuant to BSP's rulings is contradicted to dominant average response instead of excellent on SLP financial performance level. The former

and latter which were provided subjectively by the partner institutions and hopefully objectively by the SGBs, respectively, have a cause and effect relationship.

In that case, it might be presumed that the partner institutions averagely perform their tasks in SLP operations. This situation could be justified with lack of expertise in credit granting system and insufficient time to put in effect SLP's provisions by the partner institutions as represented by their respective human resource officers taking into consideration the fact that their specialization and job focus much on human resource management.

3. Observed smaller disparity or equal percentage distribution of most of the respondents' given rates between or among concerned CGS classifications is as brought by their almost same performances and experiences with SLP.

Although all the responses were clustered and assessed by SGB branch's partner institutions and clients, said consequence is expected as SLP revolves around one umbrella in due respect to BSP's directives. However, as credit reexamination had classified dissimilarly from average to loose to tight by majority of the respondents from each group, it only showed that SGBs are serious protecting SLP's funds from partner institutions with irregular loan remittances.

4. In totality, among the four SLP's credit granting system credit control techniques, only the credit guarantee was classified to be loose and moderately loose by 89.17% of the 240 respondents, 45.42% and 43.75%, respectively. Non-inclusion of co-maker in the loan requirements and without giving much attention to the terms and conditions stipulated in the loan contract made them came up to this mindset. That if not properly addressed would lead them to a great burden for assumption of multiple penalty charges due to negligence for non-repayment of loan on due time.

5. Hypothesis testing results furnished with accepted H_o decision for majority of the credit control techniques except for credit scoring on responses of partner institutions and SLP clients; credit guarantee from SGBs and SLP clients and credit reexamination with partner institutions all under the TCR/OR, which obtained a contradicting rejected standing.

In the latter's status, it's presumed to be affected by sentiments of respondents for realized inconsistent loan settlements and pended new/renew loan applications. Along its journey which still pursued after immediate remedy of identified problems through credit reexamination control measure, it only proved that the "benefits outweigh the risks" mantra for SLP is applicable regardless wherever CGS would be classified.

6. SGBs perform well in the collection of receivables as partner institutions dutifully conform with transmittals of loan amortization dues. Albeit, they sometimes fail conforming, as primarily caused by unexpected separation from service of their employees-borrowers, which is an isolated case and typically occurred on initial implementation of the SLP operation with them. Hence, they are still of big help and great assistance to banks relative to collection proceedings SLP must take all throughout. What made SLP's CGS loose with uncollateralized and minimal requirements though backed up by tight credit control techniques, is to cater all qualified loan aspirants thus maximize utilization of SGBs' surplus funds and cover up expenses incurred thereto.

Therefore, it can be recommended that:

1. Enhance level of competitiveness and readiness of partner institutions with their intervention to SLP through SGBs':
   a. Conduct of orientation seminar with the partner institutions' SLP facilitators discussing in full strict enforcement of its credit guidelines and policies with high conformance to set MOA, prior to implementation.
   b. Branches close monitoring and evaluation of partner institutions' work performances relative to SLP operation within their respective jurisdictions.

2. Creation of a credit committee with members comprising heads from partner institutions' human resource and finance department including the immediate superior of the aspiring loan applicant with the following functions to perform:

a. Confirm validity of his employment status and job performance;
b. Ensure that SLP clients fully read the terms and conditions stipulated in the loan contract to determine their level of awareness to consequences loan default may partake which is to assume multiple jeopardy the more and longer they neglect it.
c. Initiate recommendation to endorse the loan application by their top management for the bank's further scrutiny and final approval.

3. It's timely for SLP clients with left loan default/ delinquency from previous employment to avail the latest loan transfer and consolidation program of the GSIS called the GSIS Financial Assistance Program (GFAL) in order to free themselves from risk to be penalized with higher interest charges upon retirement from service.

Lastly, for future research and the next researchers can:
a. Appreciate the relevance of collaboration among stakeholders in any given undertakings for the welfare and best interest of the majority.
b. Justify that tight out of loose CGS is a win-win strategy particularly for a bank with big surpluses, where the greater amount of capital comes from debt extended by the public depositors.

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