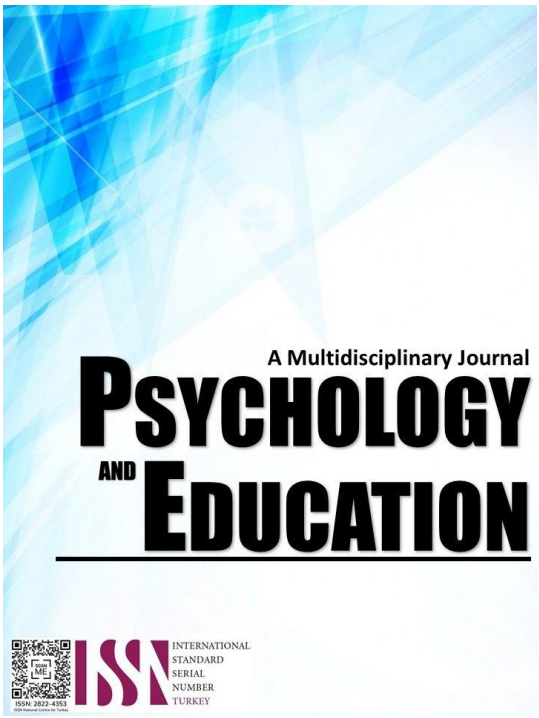
CREDIT SERVICES OF LAND BANK OF THE PHILIPPINES: LEVEL OF ACCEPTABILITY AMONG THE SMALL FARMERS IN ALABEL, SARANGANI PROVINCE



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Research Article

Credit Services of Land Bank of the Philippines: Level of Acceptability among the Small Farmers in Alabel, Sarangani Province

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Abstract

This study aims to assess the level of acceptability of the credit services of Land Bank of the Philippines (LBP) among the small farmers in Alabel, Sarangani Province who have availed credit services from the said institution. Moreover, the study determined if there is a relationship between the profile of the respondents and the factors of acceptability of credit. This study used quantitative research design particularly the descriptive-correlation research method. Descriptive statistical treatment such as frequency and percentage were applied to analyzed and interpret the gathered data. A survey was conducted and revealed that the small farmers and fishers have high regard to LBP and the credit services of the latter are more than adequate and generally exceeds the criteria relative to acceptability. Furthermore, there is a weak positive relationship between the profile of the small farmers and the acceptability factors. Hence, it signifies that the profile of the small farmers does not influence much on their views about the credit services of Land Bank of the Philippines.

Keywords: *credit services, acceptability level, small farmers, Land Bank of the Philippines, agriculture*

Introduction

Agriculture sector plays important role in Philippine economy especially its relative contribution to Gross Domestic Products (GDP). While the economy of the Philippines experienced stable growth in the recent years (before pandemic), a massive number of populations whose livelihood depends on agriculture and fisheries remains poor. Thus, it is essential that the challenges encountered by these farmers and fishermen need to be revealed so that proper interventions may be given (PSA, 2020).

According to Philippine Statistic Authority (PSA), the basic sectors of population that had the highest poverty incidence are farmers (40.8%) and Fisher folks (36.9%) in 2018 (PSA, 2020). Since 2016, these two basic sectors consistently registered as the highest poverty incidence (Food and Agriculture Organization of the United Nations, 2018).

The Philippine government must implement transformation in agriculture and fisheries sectors. However, agricultural transformation will not be realized with the limited diversification and low productivity. Hence, the two obstructions must be addressed. Furthermore, studies revealed that the barriers that hinder productivity in agriculture are longstanding problems such as limited access to agricultural credit, inadequate farm machinery, equipment, and postharvest facilities, aging farmers, and among others (Brown et al., 2018). Credit facilities from financial institutions like banks could augment capitalization to employ highly mechanized farm equipment and build additional postharvest facilities (Food and Agriculture Organization of the United Nations, 2018).

In the context of helping the agriculture sector, the Land Bank of the Philippines (LBP) for instance was established in 1963 through Republic Act 3844. Originally the purpose of establishing the institution was to facilitate in acquiring, distributing and reselling the subdivided agricultural estate among the small landholders and lessees. However, in July 21, 1973, Presidential Decree 251 was issued to revitalize the bank wherein the latter was empowered to offer credit services that will aid the farmers in production and marketing of their produce. To formally show the support of the government to agriculture sector, the Agri-Agra Law of 2009 or RA 10000 mandating that all banks shall set aside minimum of 25 percent of their funds intended for loans to finance agri-fisheries activities (Republic Act No. 100001). However, despite the passage of the abovementioned legislation, access to agri-fisheries credit services is still elusive to grasp for our small farmers and fisherfolks. Hence, this study explores the acceptability of credit services of Land Bank of the Philippines among small farmers in Alabel, Sarangani Province.

Research Questions

In general, this study aims to look into the acceptability of credit services of the Land Bank of the Philippines to the small farmers of Alabel, Sarangani Province. Specifically, the study sought answers to the following questions:

1. What is the profile of the small farmers and fisherfolk in terms of:
    1.1. age;
    1.2. gender;
    1.3. civil status;
    1.4. educational attainment;
    1.5. years as association membership;
    1.6. number of household members;
    1.7. farm size; and
    1.8. years in farming?

2. What is the credit profile of small farmers and fisherfolk in terms of:
    2.1. borrowing incidence;
    2.2. sources of credit information;
    2.3. credit value;
    2.4. reasons for availing loans;
    2.5. available collateral assets; and
    2.6. loan status?
3. What is the level of credit services acceptability factors in terms of:
    3.1. tangibility;
    3.2. reliability;
    3.3. responsiveness;
    3.4. assurance; and
    3.5. empathy?
4. Is there a relationship between:
    4.1. The profile of the respondents and the factors of acceptability of credit services; and
    4.2. The credit profile and the factors of acceptability of credit services?

Literature Review

The Concept of Credit

Most the developing countries have their government meddled the affairs in agriculture sector to make improvement in the accessibility of financial services especially the poor. The creation of cooperative agencies as a primary vehicle providing credit to the agriculture sector. State banks were also established for the purpose of development of agriculture (Awunyu-Vitor, 2018).

On the other hand, Agri-Agra Law of 2009. In the case of the Philippines, the Agri-Agra Law of 2009 or RA 10000 was enacted mandating every banking institution to reserve a portion of their total loanable funds, a minimum of twenty-five percent (25%), to finance activities related to agriculture and fisheries (Republic Act No. 10000), of which the ten percent (10%) of shall be intended to the agrarian reform beneficiaries (BSP Manual of Regulations for Bank, 2017).

Also, R.A. No. 10000 enumerated the qualified of borrowers under the law which includes in good standing individuals and organizations engaged in agriculture and fisheries. Further, it states additional qualifications and requirements that includes the feasibility of the project, the paying capacity, estimated production and securities for the loan including the assets that can be acquired out of the proceeds of the loan. Furthermore, no ceiling on amount of capitalization is establish in order for the loan to be granted (BSP Manual of Regulations for Bank, 2017).

Moreover, to affirm that banks comply with the credit allocation as mandated, they are required to submit quarterly reports. Groupwide basis is allowed for banks with parent, subsidiaries and foreign banks provided that the submission of the consolidated report of the credit allocation will be the responsibility of parent bank (BSP Manual of Regulations for Bank, 2017).

Also, any violation will be penalized with monetary or nonmonetary fines. Monetary penalty will apply to violations which include the non-compliance/under-compliance, erroneous/delayed/erroneous and delayed/un-submitted reports and false/misleading statements. Non-monetary fines will be inflicted upon the offender who willfully defer or refuse to submit reports or willfully make a deceitful or fabricated statement to Bangko Sentral (BSP Manual of Regulations for Bank, 2017).

Furthermore, history of Land Bank of the Philippines. Land Bank of the Philippines was established to facilitate development in rural areas especially the agriculture sector. It was originally formed in 1963 through Republic Act 3844 or Agricultural Land Reform Code with the original purpose to facilitate the finance of acquiring, distributing, subdividing and reselling the agricultural estates to small landholders and lessees. However, in July 21, 1973, Presidential Decree 251 was issued to revitalize the bank wherein the latter was empowered to extend loans to individuals and organizations engaged in agriculture to supplement in crop production and marketing of the produce. Currently, the bank offers loans to farmers and fishers that include the DA Sikat Saka Program, Agricultural Credit Support Project, Agricultural and Fisheries Financing Program, Agricultural Competitiveness Enhancement Fund (ACEF), ARISE-ARBs Program (www.landbank.com).

Credit Services of Land Bank of the Philippines. Land Bank of the Philippines offers a variety of loans to various clientele. Currently, the following loan programs are available to small farmers and fishers:

Sulong Saka

This is a credit assistance to farmers for their production, processing and marketing of high value crops that includes spices and legumes, fruit, industrial crops and alternative staple food crops. The purpose of this credit facility is for the acquisition of assets, construction of building, production, rediscounting, purchase of essential commodities and working capital. However, in order for the borrowers be granted of loan, they must quality with the following eligibility criteria:

- Successfully pass the Risk Asset Acceptance Criteria (RAAC).
- Farm area is at least 0.5 hectare but do not exceed 5 hectares.
- Must owned the land or legal lessee.
- Only land landowner who actually cultivates the land or directly supervise the farming activities and who possesses the land title will qualify for the program. In case of lease, it must be covered with a duly notarized lease agreement wherein the remaining term must at least match with term of loan.
- With no outstanding loans involving the same project. Unless such loan has already been fully settled.
- Market for the produce must be identified substantiated by a purchase order of reliable buyers or traders (BSP Manual of Regulations for Bank, 2017).

Agricultural Competitiveness Enhancement Fund (ACEF)

The objective of this lending program aims to augment the productivity of small farmers and fisherfolks by offering essential credit services either as individual or collectively as associations and cooperatives (BSP Manual of Regulations for Bank, 2017).

The loan must be utilized for the purpose of purchasing farm inputs like fertilizers and seedlings, upgrade equipment or the farm itself, and installations of production and processing machines, equipment and facilities (BSP Manual of Regulations for Bank, 2017).

Acceptable collateral for the loan intended for production is a combination of assignment insurance proceeds and assignment of expected produce. For loan intended to acquire fixed assets, the collateral would be the chattel mortgage of the acquired object of the loan, assignment of expected produce and Philippine Crop Insurance Corporation (PCIC) insurance proceeds (BSP Manual of Regulations for Bank, 2017).

DA Sikat Saka Program

LBP and the Department of Agriculture, provides a direct credit window to alleviate the life of small farmers engaged in cultivating rice and corn. This program will enhance their capability in crop production as well as their creditworthiness. (BSP Manual of Regulations for Bank, 2017).

The eligible projects for this program are rice and corn production. Hence, the eligible borrowers are small rice and corn farmers with irrigated farms (BSP Manual of Regulations for Bank, 2017).

The following criteria must be possessed by the small farmers to be qualified for the loan:

- Owner or tillers of an irrigated rice farm at with a minimum land size of ½ hectare but no more than 5 hectares. The farmer must possess the land title or other assets qualified for safekeeping of LBP.
- A member of Irrigators Association (IA) or Small Impounding System Association (SWISA) and in good standing.
- No existing loan covering the purpose of rice productions.
- Participated in financial education seminars and trainings or its equivalent conducted by the Agriculture Training Institute (ATI) (BSP Manual of Regulations for Bank, 2017).

Despite the measures undertaken by the government, access to credit is still elusive to grasp among the Filipino small farmers and fishers. In fact, President Duterte was displeased with the state of our famers and gave a clear direction to the Land Bank of the Philippines to assist the farmers in their financial needs as mandated by the law that established the institution (www.inquirer.net).

Acceptability of Credit Services. To measure accessibility, it must not confine with the mere presence and absence of the service, it must go beyond toward rendering service in user-friendly ways. (Kumar, 2005). This perspective would give a thin line between service acceptability and service quality. Thus, the user's perception of what constitutes a user-friendly service that would influence the decisions of using the service could also be utilized to evaluate the acceptability factors of the credit services based on the SERVQUAL model. Moreover, there is no available definition of the acceptability of financial services that is unanimous because it may consist of various dimensions (Claessens, 2005). Literatures suggest that acceptability of financial services generally involves the aspect of availability, types, cost and quality. This can further be categorized as reliability, convenience, continuity and flexibility (Claessens 2005; Morduch 1999).

Covid19 and aquaculture. Bayer Company mentioned that human capital is essential in of agriculture because people are necessary in any activities that are vital in farming. During the pandemic, restrictions on travel and required isolation have become the main challenges confronting the farmers. Although, innovative mechanizations have helped farmers to perform seasonal activities even employing fewer workers, it's not always true to fruit and vegetable farming where travel restrictions have overwhelming impacts (www.bayer.com, 2022).

Also, the sectors that are highly dependent on international trade have suffered tremendously during the pandemic due to restrictions imposed by country to country. Aquaculture industry is no different. The shutdown of the global markets has brought a serious negative impact to the food service sectors like restaurants, hotels, catering services and school canteen. Consequently, the supply chain of fresh fish and other aquaculture produce was also severely affected. Furthermore, the decrease in consumer demand has significant impact

to processing or post-harvest sectors wherein the majority of the workforce comprised of women (FAO, 2021).

On the other hand, logistical difficulties were also experienced due to lockdowns imposed and border restrictions. This resulted to increase in air freight cost and incidental costs due to flight cancellations. Repatriation of seafarers due to movement restrictions aggravate the challenges in terms of logistics Shortages of some commodities have been observed due to transportation and travel restrictions. Consequently, the drop in demand and eventually the price, the production of aquaculture products has been halted. However, the unsold produce will mean increase in live fish inventories where additional incidental cost for feeding is necessary and a higher risk of mortalities. However, in some areas, retail sales were increasing due to shutdown of food service industry. Preserved foods like canned seafoods products benefited from the panic buying at the beginning of the crisis because these products can be stored in longer period compared to fresh fish (FAO, 2021).

Moreover, uncertainties still exist, particularly the conclusion and severity of the pandemic. However, a prolonged market recession would necessitate the introduction of long-term transformations to the sector (FAO, 2021).

On the other hand, land Bank of the Philippines. Land Bank of the Philippines is Government-Owned and Controlled Corporation (GOCC), operating as universal bank with a social mandate of promoting growth that encompassed all of the stakeholders and alleviate the life in the rural areas through the innovative financial (LBP Sustainability Report 2014-2015).

Further, the bank embarked its operations serving as the financing arm of agrarian reform and facilitated the Comprehensive Agrarian Reform Program (CARP) of the government. The bank has evolved over the years wherein it expanded and intensified its operations for both commercial and retail by offering innovative financial products and services. Later, the remodified its program and expanded the credit services to areas without banks as well as the underserved which small farmers and fishers as mandated (LBP Sustainability Report 2014-2015).

However, during the State of the Nation Address in July 2019, President Rodrigo R. Duterte showed his displeasure on the state-run Land Bank of the Philippines. The president was discontented on how the bank focused on its commercial operations. He narrated further that the bank was originally created to serve the people connected with the land, whether owners or tenants. He warned to abolish the Land Bank of the Philippines if it could not fulfil its mandate (www.inquirer.net, 2019).

Furthermore, the Philippines was once a participant of the "Green Revolution". The said program took place between 1940s to late 1970s. It was series of research and development, and technology transfer initiatives that aimed to increase production worldwide, particularly the developing countries. The programs had helped develop varieties of cereal grains that were high-yielding, irrigation infrastructures expansion, transformation of management techniques, dissemination of hybrid seeds, synthetic fertilizers, and pesticide to farmers (EFTA, 2017a, 2017b).

Treaties with other countries were signed to further strengthen the agriculture sector and to reinforce exports of agricultural products to boost the country's economy. The following are the agreements entered into by the Philippines in terms agricultural products exportation:

The Philippine-Japan Economic Partnership Agreement (PJEPA). The agreement allows duty free access of approximately 7,500 Philippine products to Japan. Japan is always been the valuable trading partner of the Philippines, accounted to be the major destination of the country's agricultural products including Bananas, Pineapple, Mango, Avocado and Papaya (EFTA, 2017a, 2017b).

The ASEAN Free Trade Agreement (AFTA). Included in the agreement was to cut the tariffs as and to eliminate the non-tariffs barriers. It also aims to harmonize terminology used in customs as well as the standardize valuation and procedures. Finally, it promotes the development common certification standards for product (EFTA, 2017a, 2017b).

Free Trade Agreement (FTA) is an agreement that give preferential trade of certain processed products with European Free Trade Association (EFTA, 2017a, 2017b)

US Generalized System of Preference Plus. As a beneficiary of the program, the Philippines is allowed to export 3,500 products to the US which are duty free (Food and Agriculture Organization of the United Nations, 2018).

The Philippine has registered a steady growth in the economy before the outbreak of COVID19 pandemic, yet a huge proportion of the population remains poor especially those living in the rural areas where principal source of livelihood and employment in the rural areas of the country is agriculture and fisheries. According to Philippine Statistic Authority (PSA), the basic sectors of population that posted the highest poverty incidence were farmers (40.8%) and Fisheries (36.9%) in 2018 (PSA, 2020). Since 2006, these two basic sectors consistently registered as the topmost poverty incidence (Food and Agriculture Organization of the United Nations, 2018).

The Philippine government must implement transformation in agriculture and fisheries sectors. However, agricultural transformation will not be realized with the limited diversification and low productivity. Hence, the two obstructions must be addressed. Furthermore, studies revealed that the barriers that hinder productivity in agriculture are the longstanding problems such as limited access of agricultural credit, inadequate farm machineries, equipment and postharvest facilities, ageing farmers, and among others (Brown, et.al., 2018).

Methodology

Research Design

The study used quantitative - descriptive research design particularly descriptive normative survey and correlational research. Descriptive statistics was used to describe the profile characteristics of the respondents. Statistical analysis was employed to analyze and interpret the data gathered from the survey.

Respondents

The data were gathered through primary and secondary sources. For the primary data, the researcher requested data from the Office of Municipal Agriculture of Alabel, Sarangani Province for the list of the farmers and fishers in the municipality. The respondents of the study were the thirty-eight (38) farmers and fishers of Alabel, Sarangani Province who had successfully availed loan programs of Land Bank of the Philippines. The researcher utilized total enumeration since all of the farmers who availed loan programs from LBP. Secondary data were gathered through check listing, library research, internet research, magazine readings, and published and unpublished related materials.

Instruments

The information for this research was acquired through library resources, books, undergraduate theses, and internet reference materials in order to gain a thorough understanding of the subject. The researcher developed an idea for the chosen topic based on the resources reviewed, which was then presented to the research adviser for approval. After the topic was accepted, the problem statement was created.

The researcher modified a three-part research tool in which the respondents rated using a five-point likert scale. The questionnaire contained five statements in each indicator. A questionnaire from the study of Poliquit (2016) and Galang (2020) to determine the socio-demographic profile of the agri-fisheries farmers and their credit profile. Also, the study will adopt and use the tool from Suciptawati, Paramita and Aristayasa (2019) on the factors of acceptability of credit services.

Procedure

Numerous procedures were applied to collect data for this study. The research advisor acknowledged the letter of request, while the Graduate Schools of Mindanao State University in General Santos City provided the letter of recommendation to the OMAG.

The researcher delivered the letters personally. After receiving clearance, the researcher enlisted the support of the OMAG Technician in collecting data. Data collection took place between April and May 2022.

The researcher communicated the study's aims to the respondents in the first section of the survey. Before completing the questionnaire for the profiling and factors of acceptability of credit services, a brief orientation was conducted. The researcher took notes and recorded his findings. Finally, the data acquired regarding the development process and challenges encountered were treated. Based on the results of the processed data, the findings were retrieved and analyzed. The study's findings will be interpreted to reach specific conclusions.

All data acquired for this study was safeguarded to maintain anonymity at all times, most notably throughout the data's transportation. In any event, it was assured that information such as names and addresses would be maintained separately from other personally identifiable information collected as part of the research. Completed data was housed in a locked file cabinet, while a soft copy was kept on a password-protected computer.

Data Analysis

Descriptive statistical treatment such as frequency and percentage analysis were applied to analyze and interpret the quantitative data. The frequency and percentage were used to describe the profile of the agri-fisheries farmers and their credit uses and preferences.

Weighted mean was used to determine the extent of factors related to acceptability of credit services in terms of ServQual Model. Chi Square was used to explore the relationship between the profile of the small farmers and fisherfolks and the factors related to accessibility of credit services. Logistic regression was used to test how small farmers' views of the factors of accessibility affected their choice.

Results and Discussion

Personal Profile of the Small Farmers

The subsequent table shows the result of the survey about the personal profile of the farmers who have successfully availed credit services from the Land Bank of the Philippines. "Age" is considered to be the dominant variable under the personal profile. Hence, the subsequent tables show the interrelation of "Age" to other variables.

Age has always been a requirement in applying for a loan as it indicates stability in terms of generating income as well as the capacity

to pay. As a person reaches a certain age, it is less likely that he will apply for a loan. As the person ages, the capacity to repay the loan is not secured, especially at the retirement age (Llanto, 2017).

A study showed that the Filipino farmers are aging and most of them aspired that their children will not become a farmer because of the difficulties they experienced in terms of physical, psychological, and financial (Palis, 2020). Hence, food security of the future is in peril. To attract the younger generation to engage in agriculture, many countries provide incentives, more particularly on improving access to capital and land (Susilowati, 2014).

Table 1. *Contingency Table Between Age and Sex*

Age	*Sex*		*Total*
	Male	*Female*	
Below 30	7	5	12
30-34 years old	7	2	9
35-39 years old	8	2	10
40-44 years old	2	1	3
45 & above	2	2	4
Total	26	12	38

As shown in table 1, younger male farmers dominate in number in comparison to females. In 2016, Philippine Statistic Authority (PSA) posted 26 percent of females occupying agricultural employment in the Philippines. To close the gap of gender equality, the Philippine government enacted various legislations including the Magna Carta for Women and the Philippine Development Plan (PDP) for women, that promotes inclusion of women in policy making and program development across various levels (Dacuycuy, 2018).

Despite government efforts through enactment of laws with the purpose to improve women's condition agriculture, still the female in the sector is quite marginalized. In fact, in 2019, land awarded and titles distributed to women by the agrarian reform programs of the Philippines is 28% only, the remaining 78% belongs to male farmers. Hence, gender equity and women empowerment in agriculture is still far-fetched when it comes to inclusion of women in crafting agriculture-related initiatives and programs (Ani, et. al., 2020).

However, an international study revealed that being male or female does not influence the demand for credit. In other words, there is no discrimination in accessing credit whether the applicant is a man or a woman (Julien, et. al., 2021).

Table 2. *Contingency Table Between Age and Civil Status*

Age	*Civil Status*		*Total*
	Married	*Single*	
Below 30	9	3	12
30-34 years old	8	1	9
35-39 years old	10	0	10
40-44 years old	3	0	3
45 & above	4	0	4
Total	34	4	38

Upon examining and analyzing the results of the survey, it was found out that 89 percent of the respondents are married. Marital status is often used as an indicator of maturity in handling the farm operations and even the credit management. It is often believed that married farmers are more responsible than those who are single (Julien, et. al., 2021).

Table 3. *Contingency Table Between Age and Educational Attainment*

Age	*Educational Attainment*						*Total*
	Elem. Level	*Elem. Graduate*	*High School Level*	*High School Graduate*	*College Level*	*College Graduate*	
Below 30	8	1	2	1	0	0	12
30-34 years old	7	0	0	1	0	1	9
35-39 years old	8	1	0	0	1	0	10
40-44 years old	2	0	0	1	0	0	3
45 & above	4	0	0	0	0	0	4
Total	29	2	2	3	1	1	38

On the aspect of educational attainment of the respondents, the survey results showed that 76 percent did not finish elementary. Farming is deemed as the last resort and the only livelihood option for those who did not obtain secondary or college education. Hence, farming is viewed as the last resort and not an option (Palis, 2020).

Moreover, the result is in contrast with a study conducted and revealed that education has a positive effect on receiving the preferential credit (Vu et. al., 2022).

Table 4. *Contingency Table Between Age and Years as Association Member*

Age	*Years as Association Member*			*Total*
	Below 3 years	*3-5 Years*	*9-11 Years*	
Below 30	9	3	0	12
30-34 years old	9	0	0	9
35-39 years old	9	1	0	10
40-44 years old	2	1	0	3
45 & above	3	0	1	4
Total	32	5	1	38

On Table 4, the number of years as association member was also surveyed and revealed that 84 percent are members for relatively 3 years. A study states that most of the association members have access to agricultural credit services and benefited support services from the agricultural agencies. Moreover, these support services include training and workshops that would create opportunities for the farmers (Vu et al., 2020).

Table 5. *Contingency Table Between Age and Family Size*

Age	*Number of Household Members*		*Total*
	Below 5	*5 to 7*	
Below 30	10	2	12
30-34 years old	7	2	9
35-39 years old	5	5	10
40-44 years old	1	2	3
45 & above	3	1	4
Total	26	12	38

Analyzing Table 5, the result of the survey revealed that 68 percent of the respondents have households with below 5 members and 32 percent have 5 to 7 members. A study shows that households with many children have high chronic poverty (Bayudan-Dacuycuy et. al., 2013). Moreover, farmers with large families most likely cannot send their children to school given their limited income (Palis, 2020).

Table 6. *Contingency Table Between Age and Farm Size*

Age	Farm Size (in hectare)		Total
	0.5 to 1.0	More than 1.0	
Below 30	2	10	12
30-34 years old	2	7	9
35-39 years old	5	5	10
40-44 years old	2	1	3
45 & above	1	3	4
Total	12	26	38

Table 6 depicts that 71 percent of the respondents have a farm size of more than 1 hectare. According to a study conducted in Pakistan, a high probability to access agricultural credit for farmers who possess large farm size. In other words, farm sizes have a positive effect on farmer's access to credit (Ullah et.al., 2020).

Table 7. *Contingency Table Between Age and Years in Farming*

Age	*Years in Farming*					*Total*
	Below 3	*3 - 5*	*6 - 8*	*9 - 11*	*Above 11*	
Below 30	1	1	2	3	5	6
30-34 years old	2	2	1	2	2	4
35-39 years old	0	0	1	3	6	6
40-44 years old	0	0	1	0	2	2
45 & above	0	1	0	1	2	2
Total	3	4	5	9	17	20

Table 7 illustrates the result of the survey that only 45 percent of the respondents have been engaged in farming for more than 11 years. The new generation viewed non-farming jobs as better because it placed them into a higher level than being a farmer. Low profitability in farming and lack of infrastructure facilities in rural areas were the reasons for youth to venture other promising opportunities. In other words, it is harder to convince the youth and even the adults to engage in farming given the difficulties the farmers had encountered (Palis, 2020).

Credit Profile of the Small Farmers

The succeeding tables show the result of the survey about the credit profile of the respondents. "Borrowing Incidence" is considered to be the dominant variable under the personal profile. Hence, the subsequent tables show the interrelation of "Borrowing Incidence" to other variables.

Table 8. *Contingency Table Between Borrowing Incidence and Sources of Credit Information*

Borrowing Incidence	*Sources of Credit Information*	*Total*
	Informal / Indirect	
Borrowing Formal Loans only	16	16
Borrowing both formal and informal	22	22
Total	38	38

Analyzing Table 8 revealed that 58 percent of the respondents have borrowed money from both informal and formal lenders or financial institutions and 100 percent of them have credit exposure to private/commercial banks. While only 32 percent of the respondents have borrowed from friends and neighbors. It is inconsistent with the notion that farmers are mostly dependent on informal credit. If given the opportunity, they more often borrow from formal sources (Galang, 2020). In fact, study shows that private commercial banking institutions are the biggest source of loans for agricultural activities (PSA, 2018). Moreover, it is important to note that the survey was conducted during the post Covid-19 pandemic. The impact of Covid-19 crisis significantly influenced the loan demand of the small farmers and fishers to push upward (Ducanes, 2020).

The survey results also revealed that the only manner that the respondents' access to credit information is through informal and indirect sources of information like tips. The respondents availed services from the Land Bank of the Philippines through the information disseminated by the Office of Municipal Agriculturist. A study showed that access to information has a significant influence on the access of credit among the farmers (Ullah et. al., 2020).

Table 9. *Contingency Table Between Borrowing Incidence and Credit Value*

Borrowing Incidence	*Credit Value (in PhP.)*	*Total*
	Less than 5 million	
Borrowing Formal Loans only	16	16
Borrowing both formal and informal	22	22
Total	38	38

Table 9 shows that all of the respondents have credit value below 5 million pesos. Lending institutions, like banks, would have qualms to extend loans to small farmers because it is too risky brought about by climate change, government supports are not yet fully operational which include expansion of farm-to-market roads, installation of post-harvest facilities, capacity building, appropriate technologies and adequate marketing opportunities. In addition, the farmers need to be further educated about financial management for them to increase their credit worthiness. Although the banks are aware that credit documentaries are sort of burdensome for the small farmers, they cannot grant loans to the latter with incomplete documentary requirements based on the mandates issued by the Bangko Sentral ng Pilipinas (BSP). In fact, additional requirements are required if the bank deems them necessary, especially if they involve the applicant's capacity to pay (Geron et al., 2016). This justifies why our small farmers and fishers have less credit value.

Table 10. *Contingency Table Between Borrowing Incidence and Reasons for Availing Loans*

Borrowing Incidence	*Reasons for Availing Loans*	*Total*
	Production and Working Capital	
Borrowing Formal Loans only	16	16
Borrowing both formal and informal	22	22
Total	38	38

Table 10 depicts that the respondents' reason for availing credit is for the production and additional working capital which include purchase of farm supplies like fertilizers, seeds and among others. A study conducted in 2015 found that 80% of the small farmers surveyed experienced borrowing for both agricultural and personal use (Cuevas, 2015). In 2018, the loan granted to farmers and fisherman amounted to PhP 596.16 billion of which 84.31 percent were used to finance agricultural production purposes (PSA, 2018).

Table 11. *Contingency Table Between Borrowing Incidence and Available Collateral*

Borrowing Incidence	*Available Collateral*		*Total*
	Land	*None*	
Borrowing Formal Loans only	10	6	16
Borrowing both formal and informal	16	6	22
Total	26	12	38

Table 11 depicts the survey results wherein 68 percent of the respondents have available collateral in the form of residential and agricultural land. A study found that collateral requirements affect the access of loan from a bank where 45 percent of the applications were rejected due to collateral deficiency (Njuguna & Nyairo, 2015).

Table 12. *Contingency Table Between Borrowing Incidence and Status of Loan*

Borrowing Incidence	*Status of Loan*	*Total*
	On-time Payment	
Borrowing Formal Loans only	16	16
Borrowing both formal and informal	22	22
Total	38	38

Table 12 shows that all of the respondents have started to pay their loan amortization on time. It is inconsistent with the study that suggests higher risk to extend credit to rural people because they are dependent on seasonal agricultural products which exposes them to uncertainty to repay loans and increases the incidence of defaults. (Info Resources Focus, 2008).

Acceptability Factors

The following table depicts the results of the survey on the level of acceptability of LBP Credit Services among the respondents. The respondents were requested to rate the credit services of Land Bank of the Philippines using the following scale:

5 – Excellent 4 – Very Good 3 – Acceptable 2 – Weak 1 – Unacceptable

Table 13. *Level of Acceptability of Credit Services of Land Bank of the Philippines*

Indicators	*Mean*	*Remarks*
Tangibility	4.7	Excellent
Reliability	3.9	Very good
Responsiveness	4.2	Very good
Assurance	4.4	Very good
Empathy	4.4	Very good
Mean	4.3	Very good

In general, Land Bank of the Philippines (LBP) earned a "very good" rating on its credit services among the small farmers and fishers of Alabel, Sarangani Province which means that LBP had generally exceeded the criteria relative to acceptability factors. Description of each factor are the following:

Tangibility – The weighted mean (WM) of the responses is 4.72 which means that the credit services of LBP based on this factor is "excellent". LBP have provided to its clientele excellent physical quality such as the complete facilities and equipment, and respectable personnel appearance.

Reliability – The weighted mean (WM) of this factor is 3.93 or "very good". Generally, it depicts that the clienteles have experienced that the credit services of LBP were completed on time. Moreover, customers' complaints were resolved promptly.

Responsiveness – The weighted mean (WM) of this factor is 4.22 or "very good". This result shows that LBP is very good in its seriousness in providing appropriate service to its clientele.

Assurance – The weighted mean (WM) of this factor is 4.41 or "very good". It indicates that clienteles have trust and confidence in LBP in keeping their transaction complete and safe. Moreover, the clienteles were treated with politeness by LBP's employees.

Empathy – The weighted mean (WM) of this factor is 4.44 or "very good". The score indicates that the clientele felt the care and guidance of LBP's employees by understanding their needs.

Correlation of the Profile and the Acceptability Factors

The succeeding tables depict the relationship of the personal and credit profile to the acceptability factors.

Table 14. *Correlation Matrix Between the Personal Profile and the Acceptability Factors*

	Factors of Acceptability				
	Tangibility	*Reliability*	*Responsiveness*	*Assurance*	*Empathy*
Age	-0.21	0.01	0.10	0.28	-0.18
Sex	0.09	0.16	0.15	0.11	-0.03
Civil Status	0.11	0.08	0.04	0.12	0.24
Educational Attainment	-0.21	0.13	-0.02	0.25	0.30
Years as Association Member	-0.14	0.07	0.15	-0.07	0.01
No. of Household Members	0.11	0.26	0.16	0.30	0.16
Farm Size	0.08	0.02	-0.04	0.12	0.07
Years in Farming	-0.12	0.02	0.06	0.05	0.14

Table 14 determines the relationship between the personal profiles of the 38 small farmers of Alabel, Sarangani Province to the Acceptability Factors. Majority of the items have a "weak" relationship which indicates that their personal profiles do not influence much on their views about the credit services of Land Bank of the Philippines.

Table 15. *Correlation Matrix Between the Credit Profile and the Acceptability Factors*

	Factors of Acceptability				
	Tangibility	*Reliability*	*Responsiveness*	*Assurance*	*Empathy*
Credit Profiles					
Borrowing Incidence	0.02	0.30	0.06	0.12	-0.23
Sources of Credit Information					
Credit Value					
Reasons for Availing Loans					
Available Collateral	-0.12	-0.06	-0.20	-0.07	0.11
Status of Credit					

Table 15 showed that Borrowing Incidence and Available Collateral of the 38 small farmers of Alabel, Sarangani Province have a "very weak" relationship to the Acceptability Factors. Moreover, there is "no" relationship exists between the Acceptability Factors to Sources of Credit Information, Credit Value, Reasons for Availing Loans and Status of Credit. It implies that their credit profiles do not influence much on their views about the credit services of the Land Bank of the Philippines.

Conclusions

This study concludes that the level of acceptability among the thirty-eight (38) small farmers of Alabel, Sarangani Province on LBP's credit services is "very good" which means that it is more than adequate and generally exceeds the criteria relative to acceptability. Although the Land Bank of the Philippines (LBP) scored "very good" in relation to acceptability of its credit services among the small farmers and fishers of Alabel, Sarangani Province, the researcher suggests that further research should be carried out on the accessibility of the credit services which include all the financial institutions, formal and non-formal. For the reason that this study is limited only to farmers who have credit exposure from LBP, further study should be focusing on the challenges confronted by the small farmers and fisherfolks to access agricultural credit. Hence, supplementary study should guide government agencies and financial institutions to craft policies that will fill the gaps and will benefit the Filipino farmers and fisherfolks.

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