Seeds of Credit: Narrative of Cooperative Borrowers in Panabo City

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ABSTRACT

This study examines the lived experiences of cooperative borrowers in Panabo City, focusing on members of the Common Wealth Credit Cooperative (CWCC). It aims to understand their motivations for borrowing, financial challenges, and coping strategies. A qualitative narrative research design was employed to capture the personal stories of three long-term borrowers. Data were collected through in-depth interviews, allowing participants to share their real-life experiences and perspectives. Findings reveal that cooperative borrowing serves as a vital source of financial support for meeting daily needs and emergencies. Participants highlighted the benefits of accessible loan processes, low interest rates, and supportive cooperative management. However, automatic salary deductions often reduce take-home income, creating financial strain among borrowers. To manage these challenges, participants practice budgeting, seek additional income, and rely on social support systems. Overall, the study emphasizes the importance of financial literacy and borrower-centered cooperative practices in promoting financial stability and inclusion.

Keywords: Cooperative Borrowers, Credit Experiences, Financial Challenges, Coping Strategies, Narrative Inquiry

INTRODUCTION

Behind every financial transaction is a human story. Although credit is often measured through economic indicators and financial data, its real impact is personal and life-changing. For many borrowers, applying for a loan is more than a financial decision—it is a step toward achieving a dream, supporting a family, building a small business, or providing education for their children. These journeys are often filled with hope, sacrifice, struggle, and resilience. Because of this, the study aims to move beyond statistics and give voice to the borrowers of Common Wealth Credit Cooperative (CWCC) by exploring their lived experiences and the meaning they attach to their credit relationships (Arora & Sharma, 2024).

Globally, organizations such as the World Bank and the United Nations have recognized microfinance initiatives as effective tools for empowering low-income communities and promoting grassroots economic growth (World Bank, 2024). However, in developing countries such as Bangladesh, India, Bolivia, Cambodia, Mongolia, and Indonesia, problems still exist within the lending process. Miscommunication regarding loan terms and conditions may lead borrowers to misunderstand the purpose and responsibilities of credit, which can result in over-indebtedness instead of financial stability. These communication gaps may weaken trust between borrowers and lending institutions, ultimately affecting the resilience that microfinance seeks to build. Such issues highlight the need to better understand the borrower's perspective and the realities they experience.

In the Philippines, microfinance continues to thrive and plays an important role in promoting financial inclusion. The country has a strong cooperative movement supported by government agencies such as the Cooperative Development Authority (CDA) and is recognized globally for its efforts in expanding access to financial services (Bangko Sentral ng Pilipinas, 2023). Credit cooperatives significantly contribute to the national economy by providing financial assistance to millions of Filipinos, especially those in rural and semi-urban communities where access to formal banking services may be limited.

Despite these achievements, national data still reveal ongoing challenges. Many Filipinos remain financially uneducated, making them more vulnerable to exploitative lending practices and increasing the risk of non-performing loans (Philippine Institute for Development Studies, 2022). Although access to credit has improved over the years, the actual experiences of borrowers and the long-term effects of credit on their lives are not always fully examined. These concerns emphasize the importance of looking beyond numerical data to better understand the personal realities behind borrowing.

At the local level, the researchers observed that the Common Wealth Credit Cooperative (CWCC) plays an important role in supporting entrepreneurs, farmers, and small-scale traders in the community. While the cooperative has established a strong presence and its services are widely utilized, there is still limited qualitative research that captures the real-life experiences of its members. Issues such as over-indebtedness, gaps in financial literacy, and the emotional or psychological effects of borrowing may also exist within the community, yet these experiences remain largely unexplored in the context of Panabo City.

The urgency of this study lies in addressing these local research gaps. Although global and national studies provide a broader understanding of microcredit and financial inclusion, they often fail to capture the unique stories and experiences within a specific community. This study is significant because it seeks to give voice to the borrowers of Common Wealth Credit Cooperative (CWCC) and provide a deeper understanding of their lived experiences. The findings may help improve the cooperative's policies, strengthen member support systems, and contribute to more effective financial inclusion strategies in Panabo City. By exploring these "seeds of credit," the study hopes to offer insights that are not only statistically important but also socially meaningful and human-centered.

LITERATURE REVIEW

The literature review includes information from different sources, such as articles, studies, and books, about the experiences and financial practices of cooperative borrowers in Panabo City.

The Role of Cooperatives in the Community

According to Tran et al. (2021), cooperatives have become an important source of revenue and continue to contribute significantly to Vietnam's socioeconomic growth. In Indonesia, data from the Indonesian Statistic Agency (2021) show that among the country's 127,124 cooperatives, the West Java region recorded the second-highest number of registered cooperatives, with approximately 14,706 as of 2020. However, despite this large number, many of these cooperatives remain inactive or dormant. In addition, the Ministry of Cooperative and SME (2020) reported that only 25.03% of cooperatives in Indonesia are considered active, even though cooperatives are required to submit regular reports for the past three years to maintain active status. Because of these challenges, Kusmana Hartadji, Head of the Cooperatives and Small Business Office of West Java Province, encouraged cooperatives to adapt and progress in response to the demands of the fourth industrial revolution.

According to Potocan et al. (2021), business organizations are among the most influential institutions in modern society because they play a major role in improving economic conditions, particularly through digitalization. The digitalization of the economy, especially among small and medium-sized enterprises (SMEs) and cooperatives, is viewed as a fast and effective way of achieving Economic Society 5.0. As important contributors to the national economy, cooperatives serve not only as commercial organizations but also as institutions that support local economic development while promoting the principles of economic democracy and cooperation.

According to Kania et al. (2021), cooperatives also function as a socioeconomic movement that provides alternative economic systems and encourages stronger community participation. They help strengthen community capacity by offering financial assistance and support to local enterprises, particularly in rural communities. In this context, Sukatani emphasized that cooperative services can empower village-owned enterprises (BUMDes) and enable them to become the backbone of rural economic development and activity.

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Cooperatives and Economic Development in the Philippines

According to Galang et al. (2020), cooperatives are designed to serve as instruments of economic development; however, many of them continue to operate at lower levels of efficiency. The study explains that this inefficiency is not caused solely by internal factors but is also heavily influenced by the quality of local governance and institutional support. It emphasizes that the success and effectiveness of cooperatives are closely connected to the broader political and institutional environment in which they operate. Furthermore, the study suggests that simply establishing a cooperative is not enough to guarantee success. Strong and supportive institutional structures are necessary for cooperatives to effectively contribute to economic progress. These findings are relevant to the challenges experienced by the participants in this study.

According to Hilario (2022), there is a direct relationship between cooperatives and the socio-economic well-being of their members. The findings reveal that cooperatives positively influence the economic conditions of members, particularly through access to loans, which many consider one of the most valuable benefits of cooperative membership. The study further highlights that members often experience increased income and improved economic status, which they attribute to their active participation and involvement in cooperative activities.

According to Velmonte (2020), that the significant role of cooperatives in promoting economic development by improving both the welfare of members and the conditions of the community. Conducted in several municipalities in Cebu, the study confirmed that cooperatives help members overcome financial difficulties by providing accessible funds and extending credit for productive activities. In addition, the study demonstrated that cooperatives contribute to job creation, increased household income, and the personal development of members through the enhancement of their knowledge and skills.

Borrowing Practices and Financial Behaviors of Cooperative Members

According to Guo et al. (2023), higher financial literacy has a positive effect on a household's borrowing behavior, which can eventually lead to increased income. Although the study focuses on rural households in China and forestland mortgage loans, its main finding can also be applied in a broader context. The study emphasizes that a person's knowledge and understanding of financial concepts are important in making responsible and informed borrowing decisions. This highlights the importance of financial literacy among cooperative members, especially in using loans effectively for income generation and financial improvement.

According to Mahdzan et al. (2023), the psychological factors such as materialism, excessive spending habits, and even religious beliefs can influence a person's tendency to borrow, particularly through personal loans and credit cards. This perspective adds depth to purely economic explanations of borrowing behavior by showing that financial decisions are also shaped by personal attitudes, beliefs, and behaviors. The study suggests that aside from financial literacy, psychological and behavioral factors must also be considered because they significantly affect borrowing decisions and a borrower's ability to manage and repay loans responsibly.

According to Kitomo et al. (2020), poor financial management practices, including limited bookkeeping and accounting knowledge, are among the major challenges faced by micro-entrepreneurs and often contribute to difficulties in loan repayment. The study, which focuses on solidarity group lending commonly used in cooperatives and microfinance institutions, emphasizes that a borrower's financial skills and management practices are critical factors in determining their success. These findings support the idea that financial behavior plays an important role in shaping the outcomes and experiences of cooperative members.

Challenges of Cooperative Borrowers

According to Nakayiso and Andrew (2023), cooperatives around the world continue to face various long-standing challenges, including operational inefficiencies, weak governance, limited technical knowledge among members, and growing competition from other financial institutions. These issues directly affect the quality of services that cooperatives provide, which in turn influences the borrowing experiences of their members. The study offers a broader perspective by connecting the challenges faced by individual borrowers to larger systemic problems within cooperatives. It suggests that the difficulties experienced by borrowers may not arise solely from personal limitations but may also be linked to the internal weaknesses and operational issues of the cooperative itself.

According to Swain et al. (2023), borrowers, particularly in the agricultural sector in India, encounter several obstacles when accessing loans. The study identified common challenges such as lengthy and complicated loan application procedures, high interest rates, and strict collateral requirements. These barriers can make access to credit more difficult and may place additional financial pressure on borrowers. This study is relevant in understanding the practical difficulties that cooperative members may experience when applying for and managing loans.

According to Fadare (2024), borrowing in the modern digital age has introduced additional challenges, including unclear loan terms, excessive interest rates, and aggressive debt collection practices by lenders. Although the study focuses on Nigeria and digital finance, the issues identified are not limited to digital lending platforms and may also be present in traditional lending systems such as cooperatives. The findings help highlight possible risks and unfair practices that borrowers may encounter, making the study a useful reference in examining similar challenges within cooperative settings.

Resilience and Coping Strategies of Borrowers

According to Ortiz and Hardoon (2021), fast loans can have both positive and negative effects on borrowers. While they may provide temporary financial relief during difficult situations, they can also weaken long-term resilience-building behaviors and negatively affect a borrower's mental well-being. The study emphasizes that the type of loan, its terms, and its accessibility all play an important role in shaping how borrowers cope with financial stress. This is particularly relevant to cooperative borrowers because it suggests that the structure of loans within cooperatives may either help members manage financial difficulties effectively or limit their ability to achieve long-term financial stability.

According to Hazarika et al. (2025), successfully coping with financial challenges requires proactive planning, proper risk management, and adaptive behaviors. Although the study mainly focuses on portfolio risk management for microenterprise lenders, it also provides a valuable framework for understanding how borrowers themselves develop resilience when facing financial difficulties. This perspective is important in analyzing the coping strategies used by cooperative members as they navigate financial shocks and uncertainties.

According to Juita (2022), financial literacy plays a major role in influencing a borrower's ability to apply effective coping strategies, especially during crises such as the COVID-19 pandemic. The study found that individuals with greater financial knowledge are more likely to adjust their spending habits, search for alternative sources of income, and make informed financial decisions to reduce financial pressure. These findings establish a strong connection between financial literacy and the effectiveness of borrowers' coping mechanisms.

According to Galang et al. (2020), the effectiveness of cooperatives is closely connected to external factors, particularly the quality of local governance, which can greatly affect cooperative performance. Similarly, Nakayiso and Andrew (2023) and Swain et al. (2023) highlighted that borrowers often encounter challenges such as operational inefficiencies, weak governance, and complicated loan procedures within cooperative systems. In addition, Guo et al. (2023) emphasized that financial literacy significantly influences borrowing behavior, while Mahdzan et al. (2023) pointed out that psychological and behavioral factors, including personal beliefs and spending habits, also shape borrowing decisions.

According to Ortiz and Hardoon (2021), the nature and structure of loans can directly affect a borrower's financial well-being, while Juita (2022) explained that financial literacy strengthens a borrower's ability to cope during periods of financial crisis. Furthermore, Hazarika et al. (2025) emphasized that building resilience requires proactive and adaptive strategies to effectively manage financial shocks. Taken together, these studies highlight the complex relationship between cooperatives and their members by showing both the challenges borrowers face and the coping strategies they develop in today's borrowing environment.

According to Fauziyah et al. (2023), their study aimed to understand how cooperative savings and loans operate and the role of these cooperatives in improving members' welfare, specifically through the Sumber Rejeki Village Unit Cooperative (KUD). The findings showed that KUD Sumber Rejeki helps members by providing capital loans with no strict requirements and very low interest rates, making it easier for poorer or lower-middle-class members to improve their economic situation. The study also found that the cooperative increases members' income, enables them to better manage their businesses, and helps reduce unemployment by creating work opportunities in the local community.

According to Vasquez et al. (2025), managing personal finances is very important today because it helps people achieve their financial goals. It allows individuals to handle financial uncertainties, maintain stability, and secure their future by focusing on budgeting, managing debt, having insurance, planning for retirement, and saving money. Having good personal finance skills gives government tertiary teachers a better chance to meet their financial responsibilities, make smart money decisions, and take advantage of opportunities in life.

According to Lusardi et al. (2023), financial literacy is an important skill that helps people make smart money choices, understand the financial world, and be responsible citizens. The need for this knowledge is growing due to changes in pensions, more complex financial products (such as cryptocurrencies), rising inflation, and new risks, such as wars and climate change. The 2020 OECD Recommendation on Financial Literacy highlights that the main goal of financial education is to improve people's financial well-being.

According to Liu et al. (2023), employees often face daily challenges at work, such as handling tasks outside their job, dealing with difficult supervisors or coworkers, or completing demanding responsibilities. Being resilient is important for managing these difficulties. Resilient employees have more energy to cope with challenges and work harder, which can help them gain future benefits, such as rewards or better job opportunities that support their families.

According to Launio et al. (2021), loans are the main service that cooperatives offer to their members, followed by savings. The interest paid on these loans is the biggest source of income for cooperatives, which is used to support community development funds. Although cooperatives primarily serve their members, who own and manage them, they also aim to help the wider community in which they operate, in line with the seventh cooperative principle. This means that cooperatives not only give financial help but also care about the community. They use their income to support simple projects that can help people's daily lives. In this way, cooperatives help both their members and the whole community grow and improve.

According to Kumar (2025), the cooperative movement plays an important role in promoting inclusive growth, especially in rural areas where access to banks and large investments is limited. Cooperatives are organizations owned and managed by their members, following principles of shared ownership, democratic decision-making, and fair distribution of profits. They support small farmers, artisans, and entrepreneurs by giving them access to affordable loans, markets, and resources, while also helping them improve their financial knowledge and skills. Through these efforts, cooperatives help create jobs, strengthen communities, and reduce poverty.

According to Nakayiso Eseza et al. (2025), financial empowerment is important for economic growth and gender equality because it involves the ability to access, manage, and use money effectively. It allows individuals to have control over their personal and financial resources, which helps them make better decisions in life. Financial empowerment also gives people the power to influence choices that affect their well-being and future opportunities. It enables individuals, especially women and marginalized groups, to participate more fully in economic activities. By improving financial knowledge and skills, people can plan, save, and invest wisely to achieve their goals. Overall, financial empowerment contributes to stronger communities, greater equality, and sustainable economic development.

According to Zhen Liu et al. (2024), credit cooperatives are a type of microfinance where members combine their savings to create a fund that members can borrow from. Their main purpose is to meet the financial needs of their members rather than to make a profit. Because credit cooperatives have a positive impact on communities, studying their role in increasing income and supporting financial stability is very important.

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