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Financial Inclusion of Lending Institutions on Sustainability of Micro-Businesses

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***Abstract*—** This study determined the financial inclusion of lending institutions on the sustainability of micro-businesses in Sorsogon City for the fiscal year 2024. This study determined the nature of micro-business owners along years in operation, initial capital, amount of loan availed from lending institutions, and daily average sales. Moreover, the study identified and ranked the financial inclusion strategies along with access of loans, streamlining of cash flow, profit and savings, repayment of loans, and financial literacy education. Moreover, this study identified and ranked the problems encountered by micro-business owners towards financial inclusion.

The quantitative descriptive method of research was used in this study. The respondents comprised 15 micro-business owners randomly selected. A survey questionnaire was used to gather the needed data. The data were analyzed and interpreted using appropriate statistical measures such as frequency counting, percentage, rank, and sum of ranks.

The findings revealed that the micro-business owners patronize the same lending institutions that operate in the city and the two leading respondent's choices are Bless Microfinance Corporation and ASA Philippines Foundation. The majority of the respondents had been in business for 5 years or less with PhP20,000 as start-up capital, availed an initial amount of PhP15,000 from the lending institutions, and mostly had a daily average sale of PhP2,500 or below. It is also revealed that the common strategies attune to the promotion of financial inclusion of lending institutions with the micro-businesses include fewer loan requirements, permitting the borrowers to utilize the loaned amount as a start-up or capital addition, allowing the borrowers to choose the mode of payment, and the provision of financial literacy education. The respondents encountered problems in financial inclusion consisting of borrowers' overlapping loans, high loan penalties, and the borrower's inability to cope with the provided literacy topics.

Proposing a strategic intervention on financial inclusion is needed for sustainable micro-business operations, specifically, credit information sharing and monitoring systems for micro-business owners, need-based financial education and counseling activities, and improving access to credit. These strategies will enrich the knowledge of good financial management and improve the business's financial position for the sustainability and success of micro-businesses.

***Keywords*—** Financial Inclusion, Micro-business owners, Credit Information Sharing and Monitoring Systems, Need-Based Financial Education and Counseling Activities, Improving Access to Credit

INTRODUCTION

The main aim of the business is to maximize its profit. The success of the business is commonly measured by its growth. Growth in terms of business expansion, increasing revenue, or a mere increase of goods or services for sale. However, business sustainability is at the top of business growth. Before a business can expand, it must be stable in terms of financial and operational aspects. A typical business owner prioritizes steadiness for them to remain in the market.

Operating a stable business is one of the sources of an individual's income. There are many kinds of business ventures, they range from micro to small scale to medium and large, and from sole proprietorship to partnership and corporation or cooperative. The fast-paced market environment changes the business owner's perspective on managing and financing its business. Nowadays, forming and financing a business becomes extremely difficult, more and more individuals engage in micro-business as it requires less capital to operate.

Every country has an environment for micro-business as it is one of the most common forms of business. Micro-businesses play an important role within our society and in the market in which they operate. Most organizations worldwide are small by size, but their importance to both developed and developing economies and societies is indisputable (Arnold, 2019). It contributes to the economic sustainability and development of the country. Based on the study, without MSEs no nation can achieve viable economic growth and reduction of poverty (Geremewe, 2018). Consequently, micro-businesses are the engine for a country's growth, employment creation, innovation as well as poverty reduction.

In the Philippines, the government promotes and encourages people to engage in micro-business in their respective communities. It is evidenced by the passing of the law known as the “Barangay Micro-Business Enterprises (BMBEs) Act of 2002”. This is an act to promote the establishment of BMBEs, providing incentives and benefits, and for other purposes. The very purpose of the declaration of this policy is to generate much-needed employment and alleviate poverty.

The growth of micro-businesses has gained attention from different financial providers. According to the World Bank’s data, an estimated more than 500 million people have financial access to microfinance-related operations by the year 2020. Countries like Indonesia and India are dutifully making commitments and efforts to expand micro-financing and microcredit (Worldbank.org, 2015). All over the world, lending institutions are hand and hand with the government to make these aspirations and commitments happen. More and more micro-businesses get financial support from different lending institutions in their community.

In the Philippines, based on the Bangko Sentral ng Pilipinas dashboard, there are 4,162 microfinance NGOs and 4,260 financing and lending companies that are financial service providers as of the second quarter of the year 2022. Specifically, as reported on the dashboard, the number of borrowers on microenterprise loans in the banking system as of the second quarter of 2022 is 1,621,036 while microfinance outside the banking system as of the year 2020 has 6,200,000 clients. Also, cooperatives had an outstanding loan amounting to Php327.1 billion as of the year 2020. More Filipinos are relying on lending institutions primarily to support the operations of their businesses.

Amidst the pandemic which sent shockwaves through the country’s economy, more individuals seek stable sources of income. Every household member contributes effort to help their family in terms of finances. It is a very common problem that an income from one regular job is not sufficient to feed a regular-sized family. Thus, people crack to put up micro or small businesses in their community such as sari-sari stores, canteens, thrift clothes stores, and other easy-to-put-up businesses to support their everyday living expenses.

However, from start-up to sustainability of the business availability of financial resources is a critical factor. As early as business formation, most micro-business owners generate start-up capital from lending institutions by applying for loans. Some businesses' lives depend upon credit availability. Business owners continuously avail loans to sustain the daily operations of the business. Accordingly, the establishment, growth, and success of the micro-business generally rest on its financing capacity.

As the economy continues to fall and the country’s inflation rate shoots up which continues to seep through other goods, micro-business owners are directly affected. This crisis goes down to the lives of the people. Most business owners resort to lending institutions for financial support to be able to cope with the ongoing crisis. The business owners, as well as consumers, experienced the loss of power or value of the money encouraged them to apply for and avail of loan money through banks, lending companies, or other persons.

Specifically, according to Bernardo (2023), around 1.3 million sari-sari stores are operating across the country, serving as the primary source of daily necessities for around 94 percent of Filipinos. In Sorsogon City, sari-sari stores are one of the top picks for business in the neighborhood. This kind of business generally has a limited number of goods and thus, generates a low volume of sales. Thus, it is susceptible to financial problems which disrupt business operations.

The increasing number of micro-businesses in the city leads to a growth of financial institutions operating in the area. The high demand for business capital or financial resources attracted more financial institutions such as People's Alternative Livelihood Foundation of Sorsogon Incorporated, JMH Microfinance, Inc., RAFI Micro-finance, Inc., Card Bank, Inc., Freewill Finance Corporation, Fundline Finance Corporation and the like. There are also cooperatives around the city that offer microloans such as Gubat St. Anthony Cooperative (GSAC) and Salvation Farmers Development Cooperative (SAFADECO).

These financial institutions offer a variety of loans and one of these is microloans specifically for micro-

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business owners. They have few documentary requirements to avail their product. The loan is typically repayable in the short-term or up to 12 months and at the borrower's discretion. Furthermore, the collection type for this loan is through field officers and daily. Thus, these institutions deliver their services in a very accessible and convenient way on the borrower's part.

Owners perceived that it was within their grasp to access loans from financial institutions, and the owners often seized the opportunity. Often, they avail of loans from different institutions at the same time because it is typical for owners to mix their business finances with their finances. As said earlier, these people choose to put up micro-businesses to support their family's daily expenses. These practices usually will result in inconsistent cash flow and of course, too much debt. And too much debt will result in business bankruptcy.

Normally, it is not the low volume of sales the limited number of customers, or the competition that causes disruption of the business operation but it is the financial dependence on these financial institutions. Primarily relying on loans granted by these companies became a habitual practice that put the business at risk. Financial risk may occur; micro-business owners may mismanage their debt load or not meet their obligations to these financial institutions.

Financial dependence causes mismanagement of funds or the operating capital of the business. Mismanagement often resulted from the everyday burden of paying the loan's amortization. In such a case, the gain from the business is used to cover the debt. Sometimes the loan proceeds from one institution are used for payment to another institution. The business itself is left without a choice but to stop its operation or reduce its products.

Moreover, over-reliance on lending institutions that are not regulated by law as under R.A. 9474 or the "Lending Company Regulation Act of 2007", lending companies shall not be deemed to include banking institutions, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives and other credit institutions already regulated by law (Sec.gov.ph, 2019). Protection against credit policies, terms, and conditions that are not covered by the regulation of the law may put micro-businesses at risk, particularly in their sustainability of operation.

The researcher is motivated to study the relationship between financial dependence on lending institutions of micro-businesses and their business sustainability. This study will determine the factors that affect the sustainability of micro-businesses. Through this study, micro-business owners would know the extent of financial dependence on these lending institutions in the capital formation, sustainability, and market performance of their businesses.

Furthermore, due to the increasing number of lending institutions, business owners may assess the effectiveness of the role of lending institutions in their business, whether it contributes to the survival or growth of the business by generating more capital or it may increase the risk of business failure and bankruptcy. In connection, lending institutions may create better credit policies to provide healthier financial services for micro-business owners.

Lastly, the researcher is determined to conduct the study to address the challenges faced by micro-business owners in availing loan products as well as on their repayment. Through this study, the LGU and other concerned institutions will help the business owners by providing seminars and training on financial management to enhance their knowledge on utilizing funds as well as making well-informed financial decisions. Thus, this study is essential to be realized.

OBJECTIVES

The study aimed to determine the financial inclusion of lending institutions on the sustainability of micro-businesses in Sorsogon City for the fiscal year 2024.

Specifically, it identified the existing financial institutions that extend loans to micro-businesses; the profile of micro-businesses along with the length of business operation, amount of capital, amount of loan availed from lending institutions, and daily average sales; the strategies that promote the financial inclusion of micro-businesses with lending institutions along with access of loan, streamlining of cash flow, profit and/or savings, repayment of loans, and financial literacy education; the problems encountered along with financial inclusion; and the strategic interventions on financial inclusion could be proposed for sustainable micro-business operations.

METHODOLOGY

This study applied the quantitative descriptive method of research. The respondents of this study were the sari-sari store owners in San Juan Roro, Sorsogon City for the fiscal year 2024. The study comprised responses from 15 respondents.

The data gathered have been subjected to different measures such as frequency count, percentage, and ranking.

The frequency count and percentage were used to present the lending institutions that extend services to micro-businesses and to present the profile of micro-businesses along with the length of business operation, amount of capital, amount of loan availed from lending institutions, and daily average sales. Rank and rank sum tests were used to assess the strategies that promote financial inclusion and were used to determine the problems encountered by sari-sari store owners along with financial inclusion with lending institutions.

RESULTS AND DISCUSSIONS

This study has generated the following significant results:

I. Lending Institutions that Extend Services to Micro-Business

The very purpose of lending institutions is to primarily provide financial services to business owners. Business owners availed loans to finance their start-up and working capital. Loans generally fund the day-to-day operations of the business, which also require a day-to-day payment basis. Business owners need to have their details and preferences in choosing the right lending institutions for their business.

Table 1 presents the lending institutions that extend financial services to micro-businesses.

Table 1. *Lending Institutions That Extend Services To Micro-Business*

Lending Institutions	Frequency	Rank
Bless Microfinance Corporation	6	1
ASA Philippines Foundation	4	2
JMH Microfinance Corporation	2	4
Fundline Finance Corporation	2	4
Oragon Lending Corporation	2	4

The lending institutions are predetermined and listed which are commonly known operating in the area, as follows; Bless Microfinance Corporation; ASA Philippines Foundation; JMH Microfinance Corporation Fundline Finance Corporation; and Oragon Lending Corporation. There was a total of 15 respondents of which 6 for Bless Microfinance Corporation, garnering the first rank, 4 for ASA Philippines Foundation, garnering the second rank, 2 for JMH Microfinance Corporation Fundline Finance Corporation; and Oragon Lending Corporation, triple tied them for the fourth rank.

These data further state that micro-businesses have common lending institutions that provide financial services to their business. On top of that, Blessed Microfinance Corporation is preferred more by micro-business owners. Moreover, one of the respondents had two lenders at the same time. This suggests that some of the micro-business owners availed of two or more loans from different lenders to finance their business operations. This is reinforced by the study of Beaver (2020) that one of the common challenges of these micro-business owners was maxing out their credit limits.

II. Profile of Micro-Businesses

The profile of the business reflects the sustainability of the business. The length, capital, credit, and day-to-day sales of the business are the key concerns of every business owner. Business strategies are employed to make maximum profits as well as guarantee its continuous operation. On the other hand, the role of lending institutions could affect the operational and financial aspects of the micro-business.

The profile of micro-businesses was discussed according to the length of business operation, initial capital, initial amount availed from the lending institution, and daily average sales. Table 2.1 presents the profile of micro-businesses over year in business operations.

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There was a total of 15 respondents of which three or 20% had a length of 5-above years, two, or 13 % operated for 4-5 years, none for 3-4 years, three, or 20% existed for 2-3 years, and seven or 47% operated for 1-2 years.

Table 2.1. *Years in Operation of the Micro-Businesses*

Years in Operation	Frequency	Percentage (%)
5 and above	3	20
4 – 5	2	13
3 – 4	0	0
2 – 3	3	20
1 – 2	7	47
Total	15	100

These data further state that the most dominant range of years of micro-businesses in San Juan Roro, Sorsogon City was from 1 to 2 years. It implies that micro-businesses are ideally suited to operate on a short scale of years, serving reasonable profit to meet the business owner's economic needs.

On the other hand, the least range of years of micro-businesses in San Juan Roro Sorsogon City was from 3 to 4 years of which none was qualified from the respondents. It is followed by 4 to 5 years in business operation. These imply that 3 to 5 years in business are crucial to the micro-business owners as normally customers tend to shift to newly put-up the same line of business resulting in low daily sales.

The above findings were proved by the data of which both 2 to 3 years and 5 and above years tied on the second rank, it implies that it is either you make or break it after three years but before five years in operation. For micro-businesses, the growth of a business is difficult as profits are not accumulated for such purpose but rather for financing micro-business owners' essential needs. Different factors affect business growth such as low-entry barriers, low-level financial skills, and poor marketing strategies. A lack of business growth could result in the discontinuance of business operations.

The above findings were also proved by the study of Parilla (2013) as he concluded that most micro-businesses existed for 5 to 10 years and they are still in the early stage of existence. In the said age, it is still crucial on the business survival of micro-businesses. The owners are critically tested on their financial and business management during this period.

Table 2.2 shows the profile of micro-businesses in terms of initial capital. Based on the table, three, or 20% had an initial capital of PHP 25,001 and above, one, or 7% had PHP 20,001 to PHP 25,000, three, or 20% had an initial capital of PhP15,001 to PHP 20,000, PHP10,001 to PHP 15,000, and PHP 5,001 to PHP 10,000, and two, or 13% had PHP 5,000 and below.

Table 2.2. *Initial Capital*

Initial Capital	Frequency	Percentage (%)
PHP 25,001 and above	3	20
PHP 20,001 - PHP 25,000	1	7
PHP 15,001 - PHP 20,000	3	20
PHP 10,001 - PHP 15,000	3	20
PHP 5,001 - PHP 10,000	3	20
PHP 5,000 and below	2	13
Total	15	100

These data further state that most of the micro-businesses in San Juan Roro, Sorsogon City have closely related amounts of initial capital. Since micro-businesses are generally solely or family-owned and managed, thus, raising a large amount of initial capital is demanding. Nonetheless, since the surge of the pandemic, inflation has become the main consideration of micro-businesses. The rising cost and irregular change of prices of commodities require micro-business owners a higher amount of initial capital.

Furthermore, the initial capital could be from the personal or family savings of the business owners. It could be from the proceeds of the initial loan availed from the lending institutions as supported by the study of Khatri (2022) which concluded that microfinance provides access to capital to small entrepreneurs. It could be also from the mixture of the two - personal/family savings and the initial loan availed.

On the other hand, initial capital does not guarantee the sustainability of the business. Different factors must be put into consideration to achieve such. One of these factors is good financial management, especially in these challenging times caused by inflation. This is reinforced by the writings cited by Manila Bulletin Business (2021) that not all micro-business owners have the right knowledge and understanding of practices on financial management.

Table 2.3 shows the profile of micro-businesses along with the initial amount availed from lending institutions. Based on the table, one, or 6.5% availed PHP 25,001 and above as an initial amount from the lending institution, none availed PHP 20,001 to PHP 25,000 and PHP15, 001 to PHP20,000, 6 or 40% availed PHP 10,001 and PHP 15,000, 7 or 47% availed PHP 5,001 to PHP 10,000, and 1 or 6.5% availed PHP 5,000 and below.

Table 2.3. *Initial Amount Availed from the Lending Institution*

Initial Amount Availed	Frequency	Percentage (%)
PHP 25,001 and above	1	6.5
PHP 20,001 - PHP 25,000	0	0
PHP 15,001 - PHP 20,000	0	0
PHP 10,001 - PHP 15,000	6	40
PHP 5,001 - PHP 10,000	7	47
PHP 5,000 and below	1	6.5
Total	15	100

These data further state that most micro-business owners initially availed from lending ranges from PHP 5,001 to PHP 15,000. Furthermore, the common amounts that micro-business owners initially have not availed range from PHP 15,001 to PHP25,000. Only a few availed the amounts of PHP 25,001 and above and PHP 5,000 and below.

This implies that micro-businesses are willing to seek just enough sums of money from lending institutions as their initial capital as supported by Table 2.2. These findings could be supported by the study of Sayed and Trivedi who presented that microfinance became the source of microcredits for small business owners who do not have easy access to banking and related services. Moreover, this is strengthened by the study of KiflieHayleeyesus (2016) which specified that one of the areas of microfinance service needs improvement is the loan balance granted to every borrower is too small.

On the other hand, the initial amount availed may be used as an additional operating capital of the micro-businesses. They either used the amount to increase their inventory or procured equipment to streamline their cash flows which will result in improving their business. This notion could be supported by Table 3.2 outlining the strategies for financial inclusion particularly on streamlining of ash flows. This is supported by study of Ganhinhin (2017) which discussed that microenterprises have striving to grow their business without financial access; thus, they resort to avail loan to these lending institutions.

Correspondingly, referencing Table 2.2, the owners could have their start-up capital but not ample enough to keep the business running, as a result, they seek financial assistance from the lending institutions. The amounts ranging from PHP 5,001 to PHP 15, 000 could be reasonably adequate for micro-businesses to sustain their daily operation.

Additionally, the data also suggest that micro-business owners refrain from availing large amounts of loans as they have just enough or even less revenue daily. Also, these data state that lending institutions draw a clear line on the practically loanable amount that the borrowers could settle. This finding is supported by table 2.1 whereas the length of business operation is also a consideration, the shorter the relationship of lender-borrower, the lesser the loanable amount availed.

Table 2.4 shows the profile of micro-businesses in terms of daily average sales. Based on the table, 1 or 6.5% had an average daily sale of PHP 2,501 and above, 2 or 13% had PHP 2,001 to PHP 2,500, 4 or 27% had PHP 1,501 to PHP 2,000, 7 or 7% had PHP 1,001 to PHP 1,500, and 1 or 6.5% had PHP 500 to PHP 1,001.

***Table 2.4**. Daily Average Sales*

Daily Average Sales	Frequency	Percentage (%)
PHP 2,501 and above	1	6.5
PHP 2,001 – PHP 2,500	2	13
PHP 1,501 – PHP 2,000	4	27
PHP 1,001 – PHP 1,500	7	47
PHP 500 – PHP1,001	1	6.5
Total	15	100

These data further state that the leading daily average sales of micro-businesses is PHP 1,001 to PHP 1,500 which is followed by PHP 1,501 to PHP 2,000. The amount of initial and/or additional capital mostly affects the daily average sales as micro-businesses use the money to purchase and increase the products, they offer based on customer demands and preferences, of which it is necessary. Additionally, referencing Table 2.1, micro-businesses are almost in their early years of operation, and the proximity of the competitors results in relatively low daily average sales. The customers may shift from one business to another business thus, no strong customer loyalty is established.

Furthermore, daily average sales range from PHP2,001 to PHP2,500, and PHP2,501 and above have fewer respondents as mentioned above, the amount of initial and/or additional capital mostly affects the daily average sales which are sustained by Table 2.2 and Table 2.3, only a few have responded with PHP 25,001 & above as their such. Nevertheless, inflation also adversely affects the purchasing power of people and even the business owners tend to increase their product offerings, only limited are availed.

As mentioned above, commodities become more expensive, of which only one respondent had PHP500 to PHP1,001. Thus, compelling the micro-business owners to follow the price increase resulting in a decrease in the number of customers.

This finding is reinforced by Webster (2023) who wrote that current inflation makes it more expensive for small businesses to offer their goods and services at competitive prices. Leaving business owners with a choice, shoulder the extra costs or increase prices. He added that inflation also affects owner decisions such as terminating products or service offerings. Thus, inflation triggers every aspect of the business including the market performance resulting in to decrease in sales.

III. Strategies that Promote Financial Inclusion

The promotion of financial inclusion among micro-business owners was evident through the listed strategies in Table 3.1. These were the strategies employed by the lending institutions that benefited the micro-business owners and further paved the way to financial inclusion in their access to loan availability.

***Table 3.1.** Access Of Loan*

Strategies	Sum of Ranks	Final Ranks
Fewer loan requirements	20	1
Easy or fast checking of borrowers' character	36	2
Least or no collateral	49	3
Availability of varied loanable amounts	58	4
Free/low loan service charge	62	5

Reflective in the Table that of the five (5) strategies, the imposition of fewer loan requirements had a sum of ranks of 20 and made them ranked first. This implies a very favorable perception among the micro-business owner respondents as a lending institution's activity that promotes financial inclusion to the clients. The simplified loan application process was felt by the borrowers. This was evident in the reduction of the paperwork on the part of the micro-business owners to apply for loans which mitigated the immediate release of the necessary funds. This strategy is reinforced by the study of Gabriel, A. G. et.al. (2021), who revealed that borrowers were very satisfied with the loan application-related aspects, particularly in lesser or easier documentary requirements.

The ease of fast-checking borrowers' character gained a sum of ranks of 36 which ranked second. Borrowers' credit score and payment history are qualifications set forth by lending institutions in granting a loan to the former. Immediate cash is a common need for micro-business owners for the sustainability of their business as well as for emergency personal or family expenses. The fast employed process in checking borrowers' character by lending institutions is perceived by the borrowers as an important consideration in applying for a loan.

Ranked third with a sum of ranks of 49 is another value in applying for a loan from lending institutions which is the least or no collateral requirement. Nowadays, most lenders require borrowers to provide security before granting a loan. Micro-business owners tend to have few personal and real property as they have mainly operated their business in their family house or rented a small space. Accordingly, for a fast and smooth loan application process, micro-business owners at least secure their loan with their personal belongings such as but not limited to their home appliances.

The availability of varied loanable amounts and free or low loan service charges ranked fourth and fifth with the sum of ranks of 58 and 62, respectively. These two considerations are the obvious drawbacks of lending institutions. As there are few or no available collateral or loan security and low daily average sales, lending institutions draw a clear line for the allowable loanable amount for the micro-business owners as supported by Table 2.3. The initial loanable amount granted by the lending institutions is around PHP5,000 to PHP15,000. It is said that lending institutions wanted to promote financial inclusion but in a benign way as their existence is also dictated by loan repayments from the micro-business owners.

This is also supported by the study of KiflieHayleeyesus (2016) which revealed that microfinance services should improve on the loan amount offered as they currently grant too small loans to their borrowers. Thus, the present study suggests that lending institutions must focus not just only on the variety of their loan products as well as other products that will improve their borrower's business status.

Consequently, lending institutions generally charge micro-business owners-borrowers a high loan service charge. The service charges are the administrative efforts involved in a loan application and release. High service charges are caused by extending their services in the field or the borrower's place. It is the responsibility of the field officers to cater to the needs of the borrowers from the loan application to payment collection. The relatively high loan service charge could also be an indication of why the borrower encountered problems particularly, the overlapping loans as depicted in Table 4.0.

***Table 3.2.** Streamlining of Cash Flows*

Strategies	Sum of Ranks	Final Ranks
Utilize the loaned amount as start-up and/or capital addition	20	1
Use the loaned amount to increase the volume of products	31	2
Use the loaned money to procure fixed assets for operation	40	3
Utilize the loaned amount in renting	70	5
Utilize the amount for other expenditures such as for taxes	64	4

Results show in the table that lending institutions promote the financial inclusion of micro-business owners in terms of streamlining cash flows. The utilization of loaned amount as a start-up or addition to capital ranked first with a sum of ranks of 20. It implies that lending institutions promote the raising of capital and generating income. The very purpose of lending institutions indeed is to support the micro-business in the startup and conduct of the business operation. This is proved by Table 2.4, lending institutions extend financial assistance to micro-businesses as their low daily average sales could not shoulder all the needs of the business as well as the owners.

Table 2.2 and Table 2.3 also suggested that the initial amount of loan availed could be the same initial capital used in the business as supported by Khatri (2022). He introduced that lending institutions provide access to capital for start-up businesses. Nonetheless, the initial loan availed could be a capital addition to the micro-business owners-borrowers. This proved how the loaned amount was utilized as a start-up additional capital, or both for the micro-business owner.

The results also show that micro-business borrowers used the loaned amount to increase the volume of their products which landed on the second rank with a sum of ranks of 31. The unlimited customers' needs and strong competition among micro-businesses require them to offer a wide range of products. With the increasing growth of micro-businesses and the negative effects of inflation, business owner's ability to meet customers' demands needed the financial assistance of lending institutions. As discussed in Table 2.3, the initial loan availed served as additional capital for the micro-business by increasing their products.

The use of loan amounts to procure fixed assets for operation ranked third with a sum of ranks of 40. This implies that most of the respondents have available fixed assets which are also used in their household as their business is mostly located in their houses. Micro-business owners often purchase minimal fixed assets as they are used on a dual-purpose, for family and the business. Also, fixed assets are used for the long term, thus, there is no need to buy another one every time the business owner applies for a loan. This is proved by the study of Parilla (2013), with sari-sari store owners as the respondents of the present study, he mentioned that businesses engaged in retailing require minimal machinery and equipment since the main operation is selling available goods to the customers.

Accordingly, utilizing the loaned amount other expenditures such as taxes and payment of rent ranked fourth and fifth with the sums of ranks of 64 and 70, respectively. One of the incentives of the BMBE law is the income tax exemption from income arising from the operations of the business. Other than business licenses and permits collected by the Barangay, the micro-business owners are relieved of payment of taxes. On the other hand, as most of the respondents are operating their business in their houses, there is no need to pay for the rent. Thus, loans obtained from the lending institutions are barely used in the two indicators.

***Table 3.3.** Profit and Savings*

Strategies	Sum of Ranks	Final Ranks
Used the loaned amount to increase the volume of products	31	2
Utilize the amount as an additional capital	19	1
Use the amount for product enhancement extension	50	3
Invest a portion of the loaned amount as a business emergency fund	66	5
Use the amount for other business expansion	59	4

Reflective from the table are the strategies for financial inclusion of lending institutions in terms of profit and savings. Out of the five indicators, using the loan amount to increase the volume of products ranked second with a sum of ranks of 31. This is supported by Table 3.2 which the said indicator also ranked second. It is true to the business that as the volume of products increases, the variety of products offered will meet the consumer's preferences, thus, increasing the sales that will result in an increase in profit and/or savings.

The first rank with a sum of ranks of 19 was obtained by the strategy of utilizing the amount as additional capital for micro-businesses. The same is also aligned with the strategy of streamlining cash flows shown in Table 3.2. The borrowed loan is primarily used by the micro-business owners as an additional capital which is also to increase the volume of products. However, the daily average sales of these micro-businesses were still relatively low as revealed in Table 2.4. Thus, even with the aid of financial access from these lending institutions, the micro-businesses are still somewhat struggling to sustain their business operations because of poor financial management. These findings are supported by the study of Anoos, J. M. et.al. (2020) which concluded that financial management practices pose some threats to business sustainability as MSMEs since their predominant size, the volume of assets, and revenue earned are relatively low or minimal.

The use of loaned amount for product enhancement/extension ranked third with a sum of ranks of 50. As the volume of products increases, the micro-business owners have to deal with product improvement because of the stiff competition among the businesses.

The product enhancement/extension will keep up the business in the market which will result in positive sales. As proved by the results of the study of Quingco and Leonora (2019) which showed that competition is one of the challenges encountered by micro-business owners and which could be solved through effective and efficient management.

Investing the portion of the loaned amount as a business emergency fund ranked last with a sum of ranks of 66. The micro-business is thriving just to make ends meet as revealed in Table 2.4 – relatively low daily average sales, it is unfeasible for them to set aside business emergency funds from loan releases. Generally, the profits of the micro-businesses are used both for business and personal needs, thus, enabling them to have extra money to fund for business emergency needs. Also, loans obtained from the lending institutions are primarily used for product improvement.

The use of the amount for other business expansion ranked fourth with a sum of ranks of 59. It is one of the least concerns of the micro-business owners as their business is for sustenance, just to keep the business running as well as to provide their family's basic needs. Business expansion for micro-business owners is technically about product extension and/or improvement, other than this, the owners could not afford it. As underscored by the study of Gano-an and Gempes (2020), venturing into micro-business is purely confined to the compelling reason to support the family's basic needs. Moreover, the success of the business is demonstrated by the degree of the changes in the entrepreneurial attributes thus, the present study viewed financial management education as one of the required attributes.

Table 3.4. *Repayment of Loan*

Strategies	Sum of Ranks	Final Ranks
Utilize the loaned amount to repay other debts	62	4
Allow the borrower to choose the mode of payment	20	1
The lending institutions offer low-interest rates	45	3
The lending institutions provide loan rebates	63	5
The lending institution offers simple repayment scheme	35	2

The respondents also answered those strategies involving the repayment of loans. One of the strategies is utilizing the loaned amount to repay other debts ranked fourth with a sum of ranks of 62. This implies that some of the micro-business owners borrowed money from different lending institutions. Borrowing from different sources will result in increased costs and charges which could be one of the indicators of why these micro-business owners ranked first the problem of overlapping loans as shown in Table 4.0. The lender may also have permitted the borrower to pay their loans from the newly availed loan, making it decrease their loan proceeds.

On the other hand, nowadays, the lender-borrower relationship is another important consideration for the borrower. Giving and keeping the trust of one another is somewhat earned through continuous patronization of their loan products. Thus, making the said strategy on the fourth rank. The borrower's character is one of the prevailing considerations of the lenders in granting loans, on the other way, borrowers also put consideration on the character of the employees of these lending institutions, and on whom to trust.

Allowing the borrower to choose the mode of payment landed the first rank with a sum of 20. The mode of payment has become the top concern of micro-business owner-borrowers as they are operating their business daily and generally, they are the only ones attending or managing it. It is their top priority that the mode of payment is convenient for them and their business operation. It is a top strategy of lending institutions to deliver their services to their customer's locations. They have employed field officers who are responsible for all loan transactions involving their customers.

The strategy that lending institutions offer low-interest rates landed in the third rank with a sum of ranks of 45. Aside from the high service charge, another drawback of borrowing from lending institutions is the high interest rate. Lending institutions operating outside the banking system enabled them to charge their loans at high interest rates. The complexity of availing loans from the banks made micro-business engaged in borrowing from these lending institutions as their top concern in loan application is the fewer regulations/requirements set forth by the institutions. This is proved by Table 3.1 as it is ranked first among the five strategies in terms of loan application. The lending institutions that provide loan rebates ranked fifth with a sum of 63. Payment schedules of micro-business owners are often daily and rebates are at least at their priority. This implies that loan rebates are not appealing to them as lending institutions may not have endorsed it.

The last strategy is the lending institution offering simple repayment schemes which landed in the second rank with a sum of ranks of 35. The common repayment scheme of lending institutions is at field collection. As inferred from the table, the top strategy of lending institutions is to reach their clients in terms of payment modes and schemes. The micro-business chooses convenience in transacting within the institutions over other strategies laid out to them. The study of Muthoka (2021) strengthened these data as said that enterprises benefited from microloans due to loan repayment. Also, the study concludes that financial and management counseling influences financial sustainability in enterprises which is also proposed by the present study.

Table 3.5. *Financial Literacy Education*

Strategies	Sum of Ranks	Final Ranks
The lending institutions conduct financial literacy seminars	23	1
Distribute financial literacy manual or guide	55	4
Assist the borrowers with budgeting resources	39	2
Educate the borrowers on spending habit	63	5
Encourage the borrowers along with saving habit	45	3

The last strategies included financial literacy education for micro-business owners. The first strategy is the lending institutions conduct financial literacy seminars landing in the first rank with a sum of ranks of 23. The micro-business owners suggest that lending institutions conduct financial literacy seminars on top of their loan products. For a continuous good lender-borrower relationship, lending institutions conduct these seminars to assist their clients in financial management. These seminars could benefit both parties, as the client will religiously pay their amortization/debt, and the lenders will collect the right due from them which will result in achieving their target income.

On the other hand, lending institutions must focus on need-based financial literacy programs that will certainly address the relevant concerns of micro-business owners. As recommended by the study of Barte (2012) one of the basic financial educations is the measurement of income which will help micro-business owners to make timely and wiser decisions. Moreover, the Manila Bulletin Business (2021) said that the DTI underlined one of the aspects of financial management is deciding on the need to raise capital to sustain or grow the business.

The next strategy is the distribution of a financial literacy manual or guide which got the fourth rank with a sum of ranks of 55. This implies that lending institutions occasionally distribute manuals or guides to their clients. Aside from conducting financial literacy, lending institutions must focus on keeping up with their clients' financial management. A simple monitoring system will assist the borrowers with basic business financial decisions.

Ranked second with a sum of ranks of 49 it assists the borrowers in budgeting resources. This implies that lending institutions invest their effort in assisting in budgeting financial resources along with their specific expenses.

Budgeting is one of the financial management skills needed to achieve business sustainability. The data is reinforced by the study of Anoos, J. M. et.al. (2020) which emphasized that even businesses of small sizes must adhere to proper accounting to ensure the right allocation of their limited resources.

Educating the borrowers on spending habits landed on the fifth rank with a sum of ranks of 63 among the five laid out strategies. This reveals that there is a need to support and help micro-business owners in decision-making along with spending activities.

The study of Sucuah (2013) revealed that micro-business owners are not knowledgeable about segregating business money for payment of their business loans and personal loans. Thus, lending institutions must also focus on financial literacy topics concerning their client's spending habits.

The last strategy is to encourage the borrowers to save habits landed on the third rank with a sum of ranks of 45. This indicates that some of the lending institutions promote savings formation with their clients' financial resources. This strategy is a two-way help for the lender

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and borrower. The lender used the borrower's savings in operating their business while the borrower used their savings as a loan security. In this way, the borrower could increase their loanable amount the next time they applied for it.

The present study emphasized promoting financial inclusivity of micro-business owners specifically on the part of the lending institutions.

Their services must not start and end with granting loans and giving lectures on how to utilize such but rather in establishing continuous learning of basic financial practices that will serve the needs of the majority.

They must have depth concerns about the overall success of their borrower's business.

Table 4.0. *Problems Encountered on Financial Inclusion*

Problems	Sum of Ranks	Final Rank
Borrowers' overlapping loans	27	1
High loan penalties	35	2
Borrowers' inability to cope with the provided literacy topics	44	3
Struggle by some borrowers to documentary requirements	56	4
Poor relationship between borrowers and the institution	63	5

Reflective in the table are the borrowers' overlapping loans which landed on the first rank with a sum of ranks of 27. The day-to-day payment for one loan is difficult to cover thus, more than one due is more difficult to settle. This is usually encountered because of the multiple borrowings as proved by Table 1 where the respondent has more than one lending institution and with low daily average sales realized by the micro-business which is supported by Table 2.4.

Likewise, the overlapping of the loans encountered by most of the respondents could be caused by availing the loan way before its maturity date. As proved by Table 3.4 on financial inclusion strategies on repayment of loans where the lending institutions allowed the borrowers to choose the mode of payment and offered a simple repayment scheme, this enticed borrowers to continuously apply for the same loan.

Accordingly, the strategies on loan application shown in Table 3.1, fewer loan requirements being ranked 1, the respondents do not hesitate to apply for a loan. Thus, upon every loan renewal, some of the portions of the loan proceeds were used as payment for the remaining loan balance.

This further indicates that there is a need for financial management in terms of over-applying for a loan more than the capacity of the borrower. This is supported by the study of Kitomo, D. et.al. (2020) which determined the implications of financial management practices specifically for loan repayment. It also included in the study that cash-holding is critical to loan repayment for micro-business owners. The overlapping of loans therefore suggests that the respondents without sound financial management which is triggered by the respondent's inability to cope with financial literacy topics particularly in cash management make it difficult to pay their dues even with these simple repayment schemes.

Furthermore, the ideas of Beaver (2020) identified the common financial management challenge faced by small business owners is controlling their debt. Thus, there is a strong call for financial management intervention for micro-business borrowers. An intervention that will answer the very basics of every client of these lending institutions.

The high loan penalties charged by the lending institutions ranked second with a sum of ranks of 35. It is connected to the first problem; the overlapping of loans makes it difficult to settle them on due dates which results in penalties. Lending institutions often set a bar on high regarding the penalties on late payments or non-payment of loan amortization, as they're operating expenses are reliant on the day-to-day payment of their borrowers.

Also, accompanied by high service charges which were proved by Table 3.1 as the least financial inclusion on the loan application, these lending institutions charged high loan penalties for nonpayment on time. The micro-business borrowers are very aware of these loan penalties which was also concluded in the study of Sucuah (2013). Borrowers are fully aware of the penalties and other surcharges for not paying their loans on time. However, going back to the overlapping of loans, the respondents could not avoid this problem.

The borrowers' inability to cope with provided literacy topics landed on the third rank with a sum of ranks of 44. Although these lending institutions conduct financial literacy seminars as revealed in Table 3.5, micro-business owners have many business and personal concerns; thus, they do not have time to cope with the literacy topics. Their daily operations are their most concern as to how to increase their sales volume. On the other hand, the information or ideas supplied to them during seminars could be overwhelming as they don't have a basic knowledge on the topics.

The next problem is the struggle by some borrowers to document requirements which got the fourth rank with a sum of ranks of 56. Micro-business owners often have time to keep track of those documentary requirements as the institutions have fewer requirements for availing their loan products. It ranked fourth as Table 3.1 on strategies on loan application showed that these lending institutions set fewer loan requirements. On payment terms, the employee is just collecting the borrower's due in cash, and no other required documents are needed to support such income/claims where the payment came from.

The poor relationship between borrowers and the institution ranked fifth with a sum of ranks of 63. It took time to gain a good relationship between the two parties. There should be an established trust between them where usually the borrowers put their confidence in the institution and not just by mere lender-borrower relationship. Mostly, the borrowers perceived the institutions as loan sharks who had no heart for them and just to collect their dues.

Furthermore, the institution must look into it and focus on the customer relations aspect. Their clients must discern them as they are extending their financial help for the sustainability of their business. There is a need that the institution must build and gain their trust in the most efficient way to roll out their effectiveness in their borrower's life. As underscored by the study of KiflieHayleeyesus (2016), lending institutions must provide services that will improve the micro-business and give appropriate training to their clients instead of giving just the loan.

V. Proposed Financial Inclusion Strategic Interventions Towards Sustainable Micro-Business Operation

Based on the result of this study, the researcher proposed financial inclusion strategic interventions toward sustainable micro-business operations. This study proposed strategies including credit information sharing and monitoring systems for micro-business owners as well as need-based financial education and counseling.

The proposed credit information and monitoring system will specifically address the need for reliable credit information concerning the credit score and track record of micro-business owners-borrowers. This system will monitor the borrower's behavior and their creditworthiness. Along with these, the lending institutions will monitor the borrower's business performance and status. The institutions will discuss possible techniques and activities that will help the micro-business realize its maximum potential.

Furthermore, lending institutions should lay out the institution's credit policy, rules, and regulations for clients' information and awareness. They must critically assess the feasibility of the client's business, specifically the allowable or maximum loanable amount. It should be based on the need of the business for operation or growth and on the capacity to pay the loaned amount.

Accordingly, the proposed need-based financial education and counseling could educate the micro-business owners in properly handling the money loaned from lending institutions to accelerate financial inclusion. This could educate the micro-business owners on the proper use and utilization of money loaned towards sustainable business operations.

Rationale

Lending institutions primarily provide financial access and services to micro-businesses. The increasing number of institutions in the business environment suggests the steady dependence of micro-businesses on their services. However, the institution merely provides financial services to these businesses to accumulate profits and overlook the financial inclusion between them. Consequently, the micro-business owners must assess their business position in terms of utilization of the loaned amount from these institutions. The business needs to properly manage the financial services offered by the lending institutions. They must focus on financial sustainability and not on immediate financial access from these institutions. The lending institutions should provide efficient and sufficient financial services that will cater to the needs of their clients while ensuring that their services are directed primarily for the sustainability of the business as well as for the realization of business growth and success. On top of financial access or resources, micro-business also need non-financial services that would help them achieve their business goals. This calls for strong and improved financial inclusion initiated by the lending institutions. Thus, the researcher has come up with developing a credit information and sharing system and need-based financial education and counseling for those concerned.

Goal: The three proposed strategies namely; credit information and sharing monitoring systems for micro-business owners, need-based financial education and counseling, and improving access to credit will primarily promote financial inclusion with the lending institutions. The strategies that will create awareness for micro-business owners-borrowers in terms of their business position after patronizing the financial services of the lending institutions. Also, the lending institution could assess the overall effectiveness of their financial services on the business environment and the entrepreneurial activities of their clients.

Strategy 1 - Credit Information Sharing and Monitoring System for Micro-Business Owners

Objectives: The proposed credit information sharing and monitoring system for micro-business owners aims to improve the creditworthiness of the owners as well as responsive business development.

Mechanics: The lending institutions will provide separate filing for each of the client's personal and business information. An organized filing system could be in hardcopy, softcopy, or both. Right after the release of loan proceeds, the institution will provide a book (e.g. columnar book) for clients' tracking of their business cash inflows and outflows. The employee of the lending institution will monitor those transactions in the terms of the loan or the payment schedule.

Expected Outputs: An established and more organized credit information and monitoring system for micro-business owners. The lending institution could easily assess the client's business financial position, thus, making an easy but necessary access of loan for the client.

Strategy 2 - Need-Based Financial Education and Counseling

Objectives: The proposed need-based financial education and counseling aims to:

Promote financial inclusion with lending institutions along with:

- Loan application
- Streamlining of cash flows
- Profit and savings
- Loan repayment
- Financial literacy education
- Expand business opportunities to generate more income and promote business growth.
- A transparent and positive relationship between lending institutions and micro-businesses.

Mechanics: The lending institutions will conduct quarterly financial literacy programs and year-round financial counseling. These trainings or workshops will enhance the financial literacy and business opportunities of micro-businesses. The participants/beneficiaries are all the micro-businesses operating in their geographic area. Speakers from the institutions and/or invited speakers from the concerned government agencies/departments will provide detailed discussions and training to the participants. Group discussions will be highly promoted during the program. Also, manuals and guides will be distributed to all the participants as well as to the community. The guide will include pages for the preparation of simple financial statements of the business, specifically the balance sheet, income statement, and statement of cash flows. Furthermore, the year-round financial counseling will be conducted and officiated by the designated employees of the institutions. It could be done once a week during loan payment collection. The counseling will include but not be limited to financial management of loan releases and business profits. The responsible employee will have their financial findings and the respective recommendations for each finding.

Expected Outputs: The following are the expected outcomes

1. A financially inclusive lending institution to their clients;
   - Granting a loan to serve the needs of the business.
   - Effective and efficient handling and utilization of money loaned from lending institutions that will improve the cash flows of the business.

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- Effective and efficient handling and utilization of money loaned from lending institutions that will result in business profits and savings.
- Loan repayment schemes that are reasonable for their clients
- More informed and knowledgeable micro-business owners on the financial aspect of business.

2. Positive impact of lending institutions on business sustainability and success. A more empowered and knowledgeable micro-business owner in the different business aspects.

3. Creation of a strong and positive lender-borrower relationship that will realize success for both parties.

Strategy 3 - Improving access to credit

Objectives: Empowering financial inclusion of lending institutions through improving formal access to credit for micro-businesses. Specifically, aims to:

- Mitigate practices of micro-business owners on overlapping loans and relying on multiple borrowing.
- Emancipate micro-business owners from high interest and fees.
- Maintain a continuous circulation of business revolving capital.

Mechanics: The lending institutions must have a better understanding of the prospective and existing borrowers' creditworthiness. The institutions must set up a strong initiative for their client's business growth and success by improving the loan pricing reasonably for both new and existing borrowers. In connection with strategy 1 - Credit Information Sharing and Monitoring System for micro-business owners, the availability of consolidated credit information of the borrower for the sole use of the specific lender where the former is a client will allow the lender to evaluate the borrower's capacity to pay. Giving the right amount of loan will allow the borrowers to use the amount on their business which will result in the realization of revenue that is above the loan amortization. Multiple borrowings could be avoided with the right and ample amount of credit. Having one financially inclusive lending institution will improve the client's status. On the other hand, as mentioned in the financial counseling strategy, focusing on personal financial management intervention and with the right access to credit, the borrower will open to more business opportunities.

Expected Outputs: Improving access to credit will result in:

- Satisfactory service to customers specifically, ease access to the right of loan when needed and within the full capacity.
- Timely payment of loans and compliance with credit terms and conditions and reasonable loan pricing.
- Increase the business revenue of micro-business owners.

CONCLUSIONS AND RECOMMENDATIONS

Based On The Analysis And Interpretation Of The Data, The Following Findings Were Revealed: The Financial Lending Institutions That Extended Services To The 15 Sampled Respondents Were The Bless Microfinance Corporation With A Frequency Of Six (6) And Ranked First In The List Followed By The ASA Philippines Foundation With A Frequency Of 4 And Ranked Second. The JMH Microfinance Corporation, Fundline Finance Corporation, And The Oragon Lending Corporation Had Two (2) As Their Obtained Frequency Which Placed Them In The 4th Rank.

Of the 15 sampled micro-businesses, 7, or 47% were in their 2 years or less in operation, 3, or 20% were more than 2 years to 3 years in existence, and there were 2, or 13% were in operation for more than 4 to 5 years. There were 3 or 20% engaged in business for more than 5 years. In terms of their starting capital, 8 or 53% had started the business with PHP 15,000 or less while the 7 or 47% had more than PHP15,000. Considering the initial amount availed from the lending institutions, there were 7, or 47% that availed above PHP 10,000, and 8, or 53% borrowed less than PHP10,000. The average daily sales of more than PHP2,000 were noted in 3 or 20% of micro-businesses while the PHP 1,001-2,000 average daily sales were felt by 11 or 73%, and there was only one (1) or 7% had a daily sale of PHP1,000 or below.

The strategies employed by the lending institutions which were viewed by the micro-business owners as activities that promote financial inclusion were the fewer documentary requirements in accessing to loan had 20 as the sum of ranks and obtained 1st as its final rank followed by fast checking of borrowers' character with 36 as the sum of ranks and 2nd as its final rank. In terms of streamlining cash flow, financial inclusion was evident in the utilization of loaned amount as start-up/capital addition with 20 as the sum of ranks obtained and 1st as the final rank while the use of the amount to increase the volume of products sold had 31 as the acquired sum of ranks and 2nd as its final rank.

Along with profit and savings, these micro-business owners considered the utilization of the loaned amount in product extension and business expansion as further strategies of financial inclusion.

In addition, financial inclusion was noticed in the repayment of loans when these borrowers were allowed to choose the mode of payment and provided with a simple repayment scheme.

The provision of financial literacy education by the lending institutions through seminars had the sum of ranks of 23 and 1st as its final rank among the strategies of financial inclusion in the said area which was followed by the provision of assistance on the budgeting process.

The topmost problems encountered on financial inclusion were the borrowers' overlapping loans with a sum of ranks of 27 with 1st as its final rank, such was followed by the high loan penalties with 35 as the sum of ranks which made this 2nd in the final ran, .and the borrowers' inability to cope with the provided literacy topics had 44 as the sum of ranks and 3rd on its final rank.

A proposed strategic intervention on financial inclusion towards sustainable micro-business operation was offered with an emphasis on credit information sharing and monitoring systems for micro-business owners, the adoption of a need-based financial education and counseling, and improving access to credit.

From the findings and conclusions, the following recommendations are forwarded as follows: (1) Providing the micro-business owners with proper knowledge on how to get support from the lending institutions that truly promote borrowers' welfare through forming technical working groups among themselves. (2) Setting up of a cooperative of micro-business which is community-based be made to contextualize their business operation and adopting the proposed strategy in improving access to credit to cater to the needs as well as growth of business operations resulting in increased revenue or better sales. (3) Providing relevant and functional financial inclusion to the micro-businesses by the lending institutions through a partnership and transparency scheme, specifically focusing on the following; (a) adopting the strategy of consolidated credit information for the use of the lender to correctly evaluate the client-borrower's business needs in terms of loan application; (b)Promoting and conducting the proposed need-based financial counseling on the effective and efficient utilization of money loaned for continuous business operation and positive cash flow position; (c) Establishing a budget allocation of the money loaned and/or of business profits to set-up a fund for different business aspects – for the operational needs, growth, and/or savings of the business; (d) Strengthening the business's financial position through the proposed need-based financial education as well as improving access to credit to improve the borrower's capacity to pay; and; (e) Conducting continuous and operational training to improve the micro-business owners' personal and business financial management. (4) Improving access to credit by establishing credit and information sharing and monitoring systems to correctly evaluate the borrowers' business position to mitigate issues on financial inclusion such as overlapping of loans, multiple borrowings, and assuming high loan penalties and fees. (5) Adapting the proposed strategic interventions on financial inclusion be considered both by the lending institutions and the borrowers to stimulate the mutual benefits of one another. (6) Future researchers be encouraged to investigate the following topics: (a) The status of the national strategy for financial inclusion; (b) Best practices for financial inclusion among microfinance institutions; and; (c) The awareness of social sectors on financial inclusion

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