De La Salle University – Dasmariñas

STATISTICAL MODEL FOR THE LENDING SCHEME OF LIVELIHOOD AND ENTERPRISE DEVELOPMENT CENTER (LEDC) IN DE LA SALLE UNIVERSITY - DASMARIÑAS

An Undergraduate Research Presented to
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ABSTRACT

This study entitled "Statistical Model for the Lending Scheme of livelihood and Enterprise Development Center (LEDC) in De La Salle University – Dasmarinas" aimed to develop a model that will assist LEDC in predicting whether a client's payer status is good or bad.

The Logistic Regression is the statistical tool used in the study to predict the paying status of LEDC client using gender, marital status, age, educational attainment, family expense, family income, type of business, family size, length of loan, actual payment, and number of delays as the independent variables.

The findings revealed that gender (g), educational attainment (e), type of business (t), length of loan (l), and number of delays (n) were found to be significant to payer's status; therefore, these variables are the factors that determine LEDC client payer's status (z). Moreover, the model, the Logistic Regression, developed has an equation given by:

$$z = -1.145 + 0.931 g_1 + 1.665 e_1 + 1.491 e_3 + 1.358 t_5 + 1.36 l_3 + 1.54 l_4 - 1.708 n .$$

Based on the summary of findings highlighted, the following recommendations are suggested:

LEDC. LEDC should be more careful in approving loans for their clients to minimize the risk of losing. Thus, the researchers highly recommend the use of the model that has been developed using Logistic Regression because it can accurately distinguish good payers from bad payers. Moreover, LEDC may conduct intensive seminar to new clients particularly to

the possible payers determined by the model to minimize the number of bad payers. In addition, all the staffs of LEDC should also be knowledgeable about the model.

College of Business Administration. The researchers recommend inclusion of intensified microfinance and credit scoring in their curriculum for the CBA students to be well-versed with the new trend in lending particularly to the poor who cannot formally borrow from the banks.

Other Microfinance Institutions/ lending institutions. The researcher highly recommend the use of logistic regression to other Microfinance Institutions or lending institutions in creating a model that is appropriate to their company.

Other Researchers. The researchers recommend further investigation relevant to this study and look for other variables that can predict the payer' status.

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