



## **Industry Analysis of Pawnshop in the Philippine**

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**Abstract:** Clients come into a pawnshop for three reasons. First they need cash, to obtain a quick loan. The second is to pawn private belonging such as jewelry, gadgets and other valuable items and the last is to buy unredeemed items that are for auction. But, now it has evolved into multi purposes. Pawnshop is now the same as “sari-sari store” that sells variety of products and services. Through the years like investment, pawnshop is likewise diversified into unrelated business strategy like the business of money remittance, money changing, bills payment for collections services, e-load, providing facilities in either sale of micro insurance products to households. Pawnshop is the oldest source of credit. It acquired popularity as an alternative source of credit in the Philippines. This study utilized the mixed method: quantitative and qualitative. A descriptive evaluative research design was applied in fully describing the data obtained from the respondents. To give breadth and depth, triangular method in the instrumentation process - interview, questionnaire and observation was used. To determine its financial performance with regard to its profitability, growth and stability, Financial Ratio analysis was used. However, to assess its attractiveness and competitiveness, Porter’s five forces, SWOT and PESTEL analysis were utilized. The study had a total of fifty (50) respondents coming from the different departments of the selected pawnshop companies. Data were compared with samples taken from a base year and compared to any data that manifests itself after the baseline date. The researcher concluded that the current regulations about the rates of interest and the self-governing means of repayment behavior or “owned-regulation” s work effectively in this industry and thus promotes awareness for consumer lending that helps develop a fair lending activity towards sustainability; the working poor and the middle-income are the most common customers of the pawnshop in the Philippines; the pawnshop industry in Metro Manila is dominated by females. Where most owners are middle-aged and educated women who generally hire qualified women staff. It can surmise that female make good pawnshop owners.

**Keywords:** Pawnshop, collateralized loans, sari-sari store, porters five forces model, and credit

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### **INTRODUCTION**

Clients come into a pawnshop for three reasons. First they need cash, to obtain a quick loan. The second is to pawn private belonging such as jewelry, gadgets and other valuable items and the last is to buy unredeemed items that are for auction. But, now it has evolved into multi purposes. Pawnshop is now the same as “sari-sari store” that sells variety of products and services. Through the years like investment, pawnshop is likewise diversified into unrelated business strategy like the business of money remittance, money changing, bills payment for collections services, e-load, providing facilities in either sale of micro insurance products to households. Pawnshop is the oldest source of credit. It acquired popularity as an alternative source of credit in the Philippines (Ki, Pasadeos, & Ertem-Eray, 2019). It is indeed small yet very tall because it can widen the sources of micro lending and speak itself the immediate and short term financial needs of unbanked individuals especially the low to middle-income households that banking institutions are

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not able to do. Pawnshops are involved in lending money for business and or personal purpose in exchange of collateral for loans. Some of them need to pawn a jewelry, gadget and other personal belonging that has been considered the nearly all widely recognized and speediest approach to respond a pressing requirement for generally little measures of money. Loans are collateralized ideally by consumers who have low income and leave the possessions for loan exchange. These kinds of loans are easy to operate; the lower and the middle income workers are first served by this industry (Miller, 2010). In the Philippines, pawnshop is one among the Financial Service Providers (FSP) that is assisting to amplify the right to use to financial services of underserved and unserved clients. Many Filipinos say pawning is the most convenient way to augment money as compared to bank loan procedure. It's vital role that one cannot be undermined in the country's economic growth and development. On the other hand, with all of the beneficial things that pawnshops provide, to client, still there is a negative perception that pawnshop operators are not giving sufficient attention to items that are being pawned because some do not check items for pawning as some are stolen. According to Suratos (2000), the most common challenges encountered along financing are: (1) proceeds of sale on foreclosed items not sufficient to cover principal, interest and storage fees; (2) cash is not adequate to meet the needs of the pawning public, (3) over appraisal of pawned items, and (4) acceptance of fake or placed valuable items. The Central Bank of the Philippines, which regulates pawnshops, admits that the industry of pawnshop strengthens to face an ignominy. The Central Bank of the Philippines or BSP obtains unsatisfactory statements continuously about activities of fly by night operators who disappear leaving customers orphaned to locate them. In terms of operations there is a huge competition due to rapid expansion of many pawnshops and high percentage of unredeemed items that diminish cash inflow balance. Despite the present increase in their capitalization, cash is just sufficient and sometimes even inadequate to meet the needs of the clients. If cash were inadequate, operators opt to avail of short-term loans from banks. Pawnshops do not compulsory require many essential papers or proof prior to giving cash to clients as compared to banking institutions. However, pawnshop customers are more comfortable to obtain quick cash, even in remote places where there are no bank establishments. This study looked into the pawnshop industry in Metro Manila in order to assess its industry attractiveness, evaluate financial performance, competitiveness and operations. The paper seeks to answer the following research questions:

1. Using Porter's Five Forces Model, what is the status of pawnshop industry in terms of:

- Threats of potential entrants;
- Bargaining power of suppliers;
- Bargaining power of buyers;
- Industry competitors; and
- Rivalry among competing firms?

2. To what extent do the respondent pawnshop companies respond to internal and external business stimuli with regard to:

- PESTEL analysis; and
- SWOT analysis?

3. What is the financial statement analysis of the industry as to:

- Current ratio;
- Return on Investment (ROI);
- Return on equity;
- Profit margin?

According to Remo (2012), this industry is increasing in number about 17,000, consisting main offices and branches. Out of 17,000, only 10,000 are operating basically in the business of pawnshop while the remaining are involved in related and unrelated businesses, such as money exchange, remittance, and bills payment facilitation and insurance. The pawnshop is much easier to put up than a bank because the capitalization starts from 100,000 to 250,000.

## LITERATURE REVIEW

Pawnshop industry in the Philippines was officially regulated in 1973 by Central Bank (CB) now Bangko Sentral ng Pilipinas (BSP) pursuant to Presidential Decree (PD) 114 or the Pawnshop Regulatory Act which is bound to comply with rules and regulations stated in the CB Circular no. 374. The interest rate imposed by most pawnshop owners range from 3 to 4% per month. Payable in one month, should the pawner cannot redeem it for a maximum of three months, the pawner or client shall pay the interest and principal. Pawnshop can be formed by either by Proprietorship, Partnership,

and Corporation within the restrictions of the law. The number of pawnshops posted an increase of thirty-four (34) percent based on National Tax Research Center (NTRC) (*The Bangko Sentral ng Pilipinas*, 2009). According to BSP the statistics for pawnshop went down due to delisted instruction as per BSP Circular letter 2014-043. Some were closed voluntarily, for non-compliance of the requirement and failure of report submissions. There is P24.20 billion for the total pledge loans of pawnshop industry registered the highest being posted ever while the lowest was P14.22 billion in 2009.

Chico's discussed that money is the principal reason for pawning valuables in pawnshop because it is a hassle-free, easy with only valid ID is required without credit investigation. *Suratos (2000)* identified the five more serious problems in pawnshop operation, and they are: (1) acceptance of fake or placed jewelry; (2) unwillingness of pawners to accept lower appraisal; (3) unreasonable complaints of pawners after redeeming pawned articles; (4) 90-day notice prior to auction sale did not reach the pawners; and (5) over appraisal of pawned items. In the paper of *Lamberte and Balbosa (1988)* investigated that the high interest rates enjoyed by pawnshop have made operations very profitable. Also, the proliferation of pawnshops has stimulated severe competition in the credit market. In Sweden, *Lanäs and Nowak (2007)* discovered the significant increase of demand for short-term loans in which banks can not provide as they require many formalities. In US, *Caskey and Zikmund (1990)* posited that pawnshops do not compete directly with lending institutions rather they extended their loans those that do not meet the minimum requirement for loans in the financial market.

Financial economists have produced a large number of theoretical and empirical studies on mainstream banking services, but alternative financial services, and pawnbroking in particular, are hardly touched on in the literature (*Alatrash, 2018; Burki, 2017; Skiba & Tobacman, 2019*). With the increasing number of pawnshops in the Philippines and the growing activities and opportunities for pawnshop business has grown much beyond expectation. *Caskey (1991)* discussed loans in pawnshops are very small in amount, short-term and are collateralized loans, specifically those who have low income and individuals who have no bank accounts. Even though they provide small amount they save life to many customers and those that do not have ample financial literacy (*Skiba & Tobacman, 2019*). *Buenaventura (2016)* stated that pawnshops are as good as ATMs. In the absence of traditional credit or banking options exacerbates locals' need for emergency loans. The Philippines has 7,000 islands encompass a land area smaller than California, it is home to 17,652 pawnshops, and the central bank estimates that as many as three-quarters of Filipino adults patronized a pawnshop in 2012 according to *GMA Online (2012)*. *Osaki and Burhouse (2011)* mentioned that 20.8 population in US utilized pawnshop for substitute in the service of finance. The objective of their paper is to determine how the informal sector are affected and served. It simply defines that there is market for financial services that is unheard and unserved where services are played mostly by the formal group than informal group which is regulate regulated by the Central Bank of the Philippines. *Lamberte and Bunda (1988)* on his findings, pawnshop may already have taken away some of the customers of the informal credit market due to balloon expansion both in the rural and urban areas as they see pawnshop borrowing as alternative source of credit. In U.S, *Osaki and Burhouse (2011)* mentioned that pawnshop has used as an alternative financial service for unbanked and underbanked households. They are operating in the informal sector. *Sarna (2013)* on her findings, showed that pawnshop customers do have low educational attainment, no job and with minimum income therefore chances are high for pawnshop borrowing. According to *Prager (2009)* mentioned that most of the pawnshop customers are black that have no formal education as their substitute for finance.

## **METHODS**

This study utilized the mixed method: quantitative and qualitative. A descriptive evaluative research design was applied in fully describing the data obtained from the respondents. To give breadth and depth, triangular method in the instrumentation process-interview, questionnaire and observation was used. To determine its financial performance with regard to its profitability, growth and stability, Financial Ratio analysis was used. However, to assess its attractiveness and competitiveness, Porter's five forces, SWOT and PESTEL analysis were utilized. The study is concentrated to top 5 pawnshops in the Philippines which is fully operating in National Capital Region (Head Office) with a total population of 6,281. The primary source of data was the information generated through the survey questionnaires distributed to the owners and staff of the different pawnshops in Metro Manila. The secondary source of data came from on line sources of various financing sectors, and Central Bank of the Philippines. Additional data were also culled from the financial statements, related manuals, circulars, memoranda, books, periodicals, and other related literatures and studies reviewed. The study had a total of fifty (50) respondents coming from the different departments of the

selected pawnshop companies. Data were compared with samples taken from a base year and compared to any data that manifests itself after the baseline date. Primarily, for this study, financial statements will suffice, as they will show any empirical changes as evidenced by comparative analysis processes.

## RESULTS AND DISCUSSION

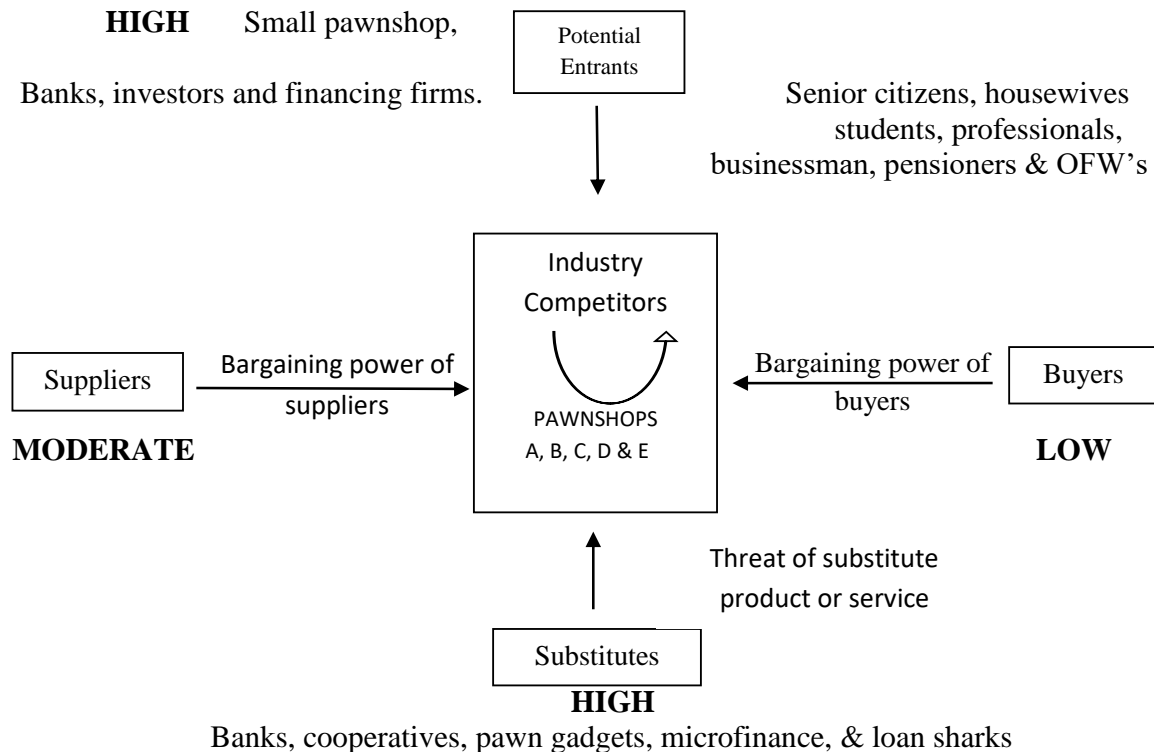


Figure 1 Porter's Five Forces Model

Prior to the organization's purpose of going into a market or market fragment the aggressive idea of the market or section is assessed. The idea of rivalry and the budging of economic circumstances have prompted expanded difficulties of the presumptions whereupon industry structure theories have been constructed (Galbreath & Galvin, 2008). According to Peng (2009) Competitive forces is a strategic tool that helps the strategic manager to determine different industries sustainability at different levels of profitability. This business concept is used, globally, to understand the structure of a firm/industry as well as its corporate strategy. Porter's business model influences in formulating, implementing and evaluating industry's strategies. These forces are normally employed to understand rivalry force, of firms, industry attractiveness, and productivity.

Year 1980, Michael Porter, uncovered major trends in different firms by applying the five competitive business strategies. This describes a careful study of how competitive forces a firm's strategy is influenced, thus these factors may boost threats or opportunities relative to the specific business-level strategies (David, 2013).

1. Potential entrants are HIGH (David, 2013) These new entrants to an industry typically bring to it new capacity, a desire to gain market share and substantial resources. They are therefore threat to an established corporation. However, on the case of pawnshop, it is easy, no barriers to entry. Today, pawnshop industry is continuously growing in numbers due to low starting capitalization of 100,000 according to Section 4106P of BSP.

2. The rivalry among competitors is HIGH because at present this industry is growing rapidly. There are numerous competitors or roughly equal in size and power for pawnshop industry. It is evident that based on the 2014 report of Bangko Sentral ng Pilipinas (BSP), pawnshops dominated the total financial system with a total of 17,421 representing 62% of the total financial institutions which is 28,135 as compared to financial institutions. This proves that pawnshops are attractive and highly patronized. If the rivalry among competitors are many, A competitive move by one firm can be

expected to have a noticeable effect on its competitors and thus may cause retaliation or counter efforts. Pawnshop owners tend to lower their interest offered, create promotional activities, applied diversification strategies (related and unrelated) as seen in many pawnshops. That's why they are now called as the modernized sari-sari store.

3. Substitute products are Low. According to [Wheelen \(2004\)](#), substitute products are those products that appear to be different but can satisfy the same need as another product. Pawnshop has few substitutes such as loan shark; cooperative, individuals, and bank. It limits the potential return of a firm by placing a ceiling of the prices firms in the industry can profitably change. To the extent that switching costs are low, substitutes may strong effect to firms As of now, there are no definite substitute for pawnshop because of its flexibility, affordability and hassle-free concept.

4. Buyer's power is low. The buyers are the customers of the pawnshops and they are senior citizens, students, professionals, OFWS, housewives and investors. Indeed they are great in numbers. These customers need funds hour after hour for business and personal use therefore the demand for pawnshop is high too. They can switch to other brand because they already gained loyalty in terms of service quality and trust. Customers can easily choose to pawn their properties from different pawnshops. They are too many, depending on the interest rates offered and promotional activities. Similarly, the pawn operators being the suppliers give them products and services to benefit the buyers. They can affect an industry through their ability to force down prices, bargain for higher quality or more services.

5. The power of supplier is moderate. They are the pawnshop owners usually the suppliers of pawnshops are the investors and banks. They supply cash to different pawnshops to enable to conduct operations, which lend money to customers. It is moderate because the customers have many choices to choose from depending on the interest rate and promotional strategies being applied to make customers delighted and satisfied. Pawnshops are increasing in numbers. Customers have many options to pawn their products as there are 17,421 pawnshops operating in the entire country. The supplier power is high when they are fewer in numbers and therefore can dictate the price. Supplier can affect an industry through their ability to raise prices or reduce the quality of purchased goods and services. A supplier is powerful if the supplier industry is dominated by a few companies, but it sells to many ([Ybanez, 2014](#)).

### ***Pestel Analysis***

Pestel analysis is a tool used in marketing or a framework employed by marketers and strategist to study and keep an eye on the external forces that which have high impact on firm's performance ([Peng, 2009](#)). Because of the increasing complexity of business today, the management has to conduct about external factors. Modifications of outer forces convert into changes based on the shoppers' interest for both industrial and customers' products and services ([David, 2013](#)).

Table 1 *PESTEL FACTORS*

	Mean	SD	Int
Political	3.94	.41606	GE
Economic	3.97	.51368	GE
Socio-economic	3.94	.41606	GE
Technology	3.91	.44533	GE
Legal	3.77	.42604	GE
Grand Mean	3.91		GE

Legend: 4.2-5 Very Great Extent; 3.4-4.19 Great Extent; 2.6-3.39 Moderate Extent; 1.8-2.59 Less Extent; 1-1.79 Least Extent

Table 1 shows the PESTEL factors faced by the respondent pawnshop companies. PESTEL factors are very important to consider as they affect the totality of the business operation. Thus this was rated 'great extent' in all items by the respondents having a grand mean of 3.91 also 'great extent'. The great extent impression suggests that the pawnshop companies place a great importance on this aspect.

**SWOT Analysis**

<p><b>Strengths</b>                  Financial strength of pawnshop                  Size Advantage                  Cost Advantage                  Economies of Scale                  Customer Loyalty                  Core competence in key areas                  Good Customer Service</p>	<p><b>Weaknesses</b>                  No clear strategic decision making process                  Frequent turnover of employees                  Tarnished Reputation                  Poor technology</p>
<p><b>Opportunities</b>                  New Product                  New Market                  International Expansion                  Increasing growth of population</p>	<p><b>Threats</b>                  Economic changes                  Entry of new Competition                  Substitute Product                  Increase in Supply Cost                  Increase in local government tax                  Decrease in customer demand</p>

Figure 2 SWOT Analysis

SWOT analysis is a marketing and management tool to identify the firm’s business environment both external and internal. It is an investigation that gives supportive data in coordinating organizations assets and abilities to the aggressive condition in which it works. It stands for Strength, Weakness, Opportunity and Threat. As such, it is instrumental in strategy formulation and implementation (Ybanez, 2014).

Based on the table below, the responses of selected pawnshop companies to their strength, the grand mean of 3.98 suggest that these selected pawnshop companies utilized their strength to ‘great extent’. It can be noted as well that ‘customer’s loyalty’ was rated ‘very great extent’, indicating a very powerful strength for a pawnshop company. Customer loyalty is equivalent to customer satisfaction. It translates how the pawnshop service customer expectation.

Table 2 STRENGTH

	Mean	SD	Int
Econ. of scale	3.80	.53137	GE
Core competence in key areas	3.89	.47101	GE
Financial strength	4.00	.48507	GE
Good customer service	4.23	.54695	VGE
Size Advantage	3.86	.49366	GE
Cost advantages	4.00	.65849	GE
Customer Loyalty	4.09	.34300	GE
Grand Mean	3.98		GE

### Weaknesses

Table 3 shows the response with regard to their weaknesses, it can be noted that ‘high staff turnover’ was rated ‘moderate extent’, and this may often time happen on lower level of the workforce more particularly on the pawnshop staff in which the company cannot keep for a longer period of time unless certain quota is met and voluminous works. These people are regular and non regular in a position which normally creates friction among workers since majority of pawnshops occupy small space and employ 2 or 3 staff per branch office. According to the manager interviewed, they entertained an average of 300 per day. The rest of the items are perceived to have a ‘less extent’ on companies’ weaknesses are: tarnished reputation; no strategic decision making process and poor technology.

Table 3 WEAKNESSES

	Mean	SD	Int
No clear strategic decision making process	2.45	.79415	LE
Frequent employee turnover	2.66	1.13611	ME
Poor technology	2.40	.97619	LE
Tarnished reputation	2.29	.98731	LE
Grand Mean	2.45		LE

Legend: 4.2-5 Very Great Extent; 3.4-4.19 Great Extent; 2.6-3.39 Moderate Extent; 1.8-2.59 Less Extent; 1-1.79 Least Extent

### Opportunities

Table 4 explains that the opportunities for the selected pawnshop companies can be inferred that whatever opportunities presented to these companies can be used to exploit the benefits it may bring. This was verified through the grand mean of 3.96 interpreted as ‘great extent’, as well as all individual item ratings have also received a ‘great extent’ mark. The continuous increasing number of pawnshop branches garnered the highest mean score of 4.10 followed by the 10% increase of population which will represent an unlimited potential for the industry.

Table 4 OPPORTUNITIES

	Mean	SD	Int
New Product	3.97	.68354	GE
New Market	3.71	.75035	GE
Branch expansion	4.10	.82197	GE
Increasing growth of the population by 10%	4.09	.65849	GE
Grand Mean	3.96		GE

Legend: 4.2-5 Very Great Extent; 3.4-4.19 Great Extent; 2.6-3.39 Moderate Extent; 1.8-2.59 Less Extent; 1-1.79 Least Extent

### Threats

Table 5 shows the responses to threats. The grand mean of 3.27 interpreted as ‘moderate extent’ suggest that in totality pawnshop companies are moderately affected by threats. However, the most salient factor that may influence their strategic action would be ‘entry of new competition’ (great extent), which brings forth diminishing market share and disruption to core competencies among the existing firms should a new entrant possess higher technological prowess. Due to low capitalization, attractiveness in terms of profitability, high demand almost zero entry barrier, entry of new competition is a major threat.

Table 5 *THREATS*

	Mean	SD	Int
Entry of new competition	3.43	.94824	GE
Substitute products	3.23	.91026	ME
Increase in supply cost	3.34	.87255	ME
Increase in local government tax	3.34	.87255	ME
Decrease in customers demand	3.15	.97215	ME
Economic changes	3.10	1.02889	ME
Grand Mean	3.27		ME

Legend: 4.2-5 Very Great Extent; 3.4-4.19 Great Extent; 2.6-3.39 Moderate Extent; 1.8-2.59 Less Extent; 1-1.79 Least Extent

### FINANCIAL STATEMENT ANALYSIS

Louderback and Holmen (2003) defines it as evaluation of the past current performance of the firm and its forecast in the future. It is necessary in order to assess whether or not the firm has performed well over a period of time. Financial analyst, through the help of financial ratios, focuses on a company's financial strength, liquidity, safety of investments, effectiveness and efficiency of management, and measures the ability of firm to generate income and earn satisfactory return on investment (Timbang, 2015).

Table 6 shows that the principal idea in analyzing financial ratio is that there are several major financial ratios obtainable from the financial statements of the firm that reveal its financial health. The Ratio can reveal much about the company and its operations. Financial ratio is computed and compared with the industry average. Through the industry comparison, the company may be able to compare their performance against their competitors' and how they fare with them (Harina, 2008).

#### 3 Financial Statement Analysis

Table 6 *FINANCIAL STATEMENT ANALYSIS OF PAWNSHOPS IN THE PHILIPPINES (2015 AND 2016 PERIODS)*

Pawnshop	Current Ratio	ROI	Return on Equity	Profit Margin
A	2:1	32.62%	60.74%	24.6%
B	1.46:1	27.25%	27.65%	38.69%
C	1.1:1	20.54%	72.83%	15.71%
D	.87:1	62.67%	55.06%	60.47%
E	.67:1	76.07%	84.6%	43.21%
Their Average	1.22:1	43.83%	60.18%	36.54%

Current Ratio or Liquidity ratio is the ability of business to pay is short-term obligations (Harina, 2008). It relates to current assets to current liabilities and shows solvency immediate solvency and liquidity. The average liquidity of the top 5 pawnshops which is 1.22:1 signifies strong liquidity. Only Pawnshop D & E failed to meet its liquidity status during 2014 due to some investments made and purchases. For the firm to remain credible and alive, it must pay it bills on time to avoid interest. The firm's liquidity affects the its capacity to borrow because it is essential in conducting the firm's operations, especially the time of uncertainty (Louderback & Holmen, 2003). Short term creditors such as suppliers and lenders are interested in this information. Say for example, for every peso of current liability, Pawnshop A has P2 current asset, B has 1.46 while Pawnshop D & E have a weak current ratio which reveals no capacity to pay off current liability when due time comes.

ROI measures the income generated for every peso investment made by the firm. The higher the income generated per peso investment, the better. The industry average is 43.83 or almost 44%. Only pawnshop D & E got better result



for return on investment, the rest are below industry average. The productivity of the assets in generating income deteriorated in 2014 for Pawnshop A, B & D. This indicates that Firm A, B, & C did not meet the required efficiency in the use of the increased assets.

Return on Equity. These measures the rate of return earned on common stock equity. Stockholders invest in a firm with the expectation of a return on their money (Ballada, 2015). The industry average for Return on Equity is 60.18%. This indicates that expectation to get return on their money is high. Among the players, only pawnshop B did not play well. In 2013, there has been a drop in the ROE of Pawnshop B due to the increase in the common stockholders' equity.

Profit Margins is computed with gross margin over net sales. It indicates efficiency of earning net income from sales. The industry average is 36.54%. This signifies that the industry is attractive and profitable due lower fixed costs. It is noted that pawnshop's are cost advantage and size advantage. This indicates that fixed is said in control. Almost all players have played very well except for the pawnshops A& C due to lower profit margin that may be attributed to high operational cost in 2014.

## **CONCLUSION**

1. It implies that the current regulations about the rates of interest and the self-governing means of repayment behavior or "owned - regulation" s work effectively in this industry and thus promotes awareness for consumer lending that helps develop a fair lending activity towards sustainability.

2. The working poor and the middle-income are the most common customers of the pawnshop in the Philippines

3. The pawnshop industry in Metro Manila is dominated by females. Where most owners are middle-aged and educated women who generally hire qualified women staff. It can surmise that female make good pawnshop owners.

4. The pawnshop industry is currently operating at micro-level. However, the industry has sound financial standing and uses promotional activities to counter stiff competition. Therefore, pawnshops in Metro Manila have bright prospects.

5. The problems encountered influence the performance of pawnshop companies in Metro Manila.

6. The two most common problems in marketing are: (1) stiff competition due to the presence of many pawnshops in the area; and (2) high percentage of unredeemed items

7. Pawnshop clients include small businessmen, OFWs, professionals, students, senior citizens, and housewives. Professionals and OFWs are the clients with the most number of pawning transactions

8. The majority of the pawnshops used differentiated and diversification strategies of unrelated and related products. Thus pawnshop is now the same as "sari-sari store" that sells variety of products and services.

## **RECOMMENDATIONS**

1. Presidential Decree 114 should be amended that is the minimum required capitalization of pawnshops be increased to P 500,000 to 1,000,000 to enable tighten the regulation of pawnshop establishments proliferation as well to strengthen their financial capabilities.

2. The Central Bank of the Philippines and the Department of Trade and Industry (DTI) , should conduct consumer awareness programs on the rights and obligations of pawnshops and its clients. Some clients do not have prior knowledge about the law of pawnshop.

3. For the local government and the Philippine National Police, – to strengthen police visibility and mobility especially in the financial district, in order to deter occurrence of crimes.

4. More government support, thru the BSP and the Department of Science and Technology, should be extended to the pawnshop industry by providing affordable local trainings and seminars on pawnshop operations, jewelry appraising, gemology, and other related topics.

5. For government financing institutions to open loan windows at lower interest as a source of additional capital to expand the present financial capabilities of pawnshops in the area.

6. For management of the pawnshop to review the HR policy in order to come up with the more attractive fringe and benefits for employees to keep them stay.

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