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Sustainability of Oro Integrated Cooperative (OIC): A Case Study

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Topic Outline

I. Introduction

II. Materials and Methods

III. Results and Discussion

IV. Conclusion and Recommendations

Introduction

A. Background of the Study

Sustainability

Financial performance of the cooperative

Financial sustainability

B. Objectives

Aim of this study

Research problems

Research Problems

1. Historical background of OIC: Initial Capitalization, Membership Growth, and Management on Financial Operations;
2. Financial performance of OIC in terms of its: Assets, Loan Releases, Deposit Liabilities, Share Capital, Net Surplus, Delinquency Rate, and Dividend Rate;
3. Performance of OIC in terms of COOP PESOS; and
4. Members' perception on the sustainability of OIC.

II. Materials and Methods

1. Descriptive method
   - Primary data: co-op members, interviews
   - Secondary data: annual report
2. Research Design
   - Respondents: 25 co-op members
   - Convenience sampling

III. Results and Discussion

OIC was organized in 1966, registered as Oro Credit Union.

- Started with Php 88.00 start-up capital
- The 1st open type cooperative in Mindanao
- Known as OIC in 1991
- With 28 founding members
- Grew fast from 1966 to 2014

TABLE 3. Comparative performance on membership growth of OIC from 2009 to 2014

Indicators	2009	2010	2011	2012	2013	2014
Members	43,351	54,951	67,956	85,778	104,069	121,913
Number increase		11,600	13,005	17,822	18,291	17,844
Percent increase		26.76	23.67	26.23	21.32	17.15

TABLE 4. Comparative performance on assets growth of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Assets	564	737	964	1.327	1,725	2,187
Amount increase		173	267	363	398	462
Percent increase		30.67	30.80	37.66	29.99	26.78

TABLE 5. Comparative performance on loan releases of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Loan releases	766	911	1,147	1,539	1,725	2,098
Amount increase		145	236	392	186	373
Percent increase		18.93	25.91	34.18	12.08	21.62

TABLE 6. Comparative performance on deposit liabilities of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Deposit liabilities	254	336	435	613	782	971
Amount increase		82	99	178	169	189
Percent increase		32.28	29.46	40.91	27.57	24.17

TABLE 7. Comparative performance on share capital of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Share capital	191	238	306	417	552	728
Amount increase		47	68	111	135	176
Percent increase		24.61	28.57	36.27	32.37	31.88

TABLE 8. Comparative performance on net surplus of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Net Surplus	41	57	72	95	124	136
Amount increase		16	15	23	29	12
Percent increase		39.02	26.32	31.94	30.53	9.68

TABLE 9. Comparative performance on delinquency rate of OIC from 2009 to 2014 (in percent)

Indicators	2009	2010	2011	2012	2013	2014
Delinquency rate	12%	12%	12%	11%	11%	15%
Percent increase		0	0	-1%	0	-5%

TABLE 10. Comparative performance on dividend rate of OIC from 2009 to 2014 (in percent)

Indicators	2009	2010	2011	2012	2013	2014
Dividend Rate	9.15	9.5	10	10.5	10.75	10.75
Percent increase		0.35	0.50	0.50	0.25	0

TABLE 12. Comparative COOP-PESOS performance of OIC from 2010 to 2014

	Standard		2010		2011		2012		2013		2014	
Indicator	Score	% Rate	Score	% Rate	Score	% Rate	Score	% Rate	Score	% Rate	Score	% Rate
COOP	100	20	93.0	18.6	94.0	18.8	99.0	19.8	93.0	19.8	99.0	19.8
PESOS	100	80	78.5	62.8	82.5	66.0	85.0	68.0	78.5	69.6	82.5	66.0
TOTAL		100		81.4		84.8		87.8		89.4		85.8
RATING		1 E		2 VG		2 VG		2 VG		2 VG		2 VG

TABLE 13. Comparative performance on solvency of OIC from 2019 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Assets	564	737	964	1,327	1,725	2,187
Deposit Liabilities	254	336	435	613	782	971
Share Capital	191	238	306	417	552	728
Debt-to-Asset ratio (TL/TA)	45%	46%	45%	46%	45%	44%
Debt-to-Equity ratio (TL/SC)	133%	141%	142%	147%	1412%	133%
Equity-to-Debt ratio (SC/TL)	75%	71%	70%	68%	71%	75%

TABLE 14. Comparative performance on liquidity of OIC from 2009 to 2014 (in million pesos)

Indicators	2009	2010	2011	2012	2013	2014
Total assets	564	737	964	1,327	1,725	2,187
Current assets	516	475	762	902	663	807
Current liabilities	301	404	524	732	932	1,169
Current ratio	171%	118%	145%	123%	71%	69%
Current assets to total assets	91%	64%	79%	68%	38%	37%

Members' Perception of OIC's Sustainability

- 84% of the respondents agreed that the cooperative tried to give the best services
- 56% agreed that OIC helped and met the financial need of the members
- 20% strongly agreed of an easy access of facilities and processing of loans

Members' Perception of OIC's Sustainability

- 48% agreed that they supported the good management of OIC
- 36% strongly agreed that OIC is strong and sustainable
- 60% agreed that leaders were dedicated and committed to the goals and objectives of the cooperative

Conclusion

(1) Php 88 starting capital
P2 billion of assets in 2014
121,913 members in 2014

(2) Assets, loan releases, share capital, net surplus and dividend rate, increasing from 2009 to 2014. Delinquency rate reached 15% in 2014

(3) Sustainable in terms of current and long-term obligations, based on liquidity and stability ratios

Recommendations

(1) Improve the manner of recruitment of members through online facilities

(2) Review their policies on loans and enhance collection mechanisms

(3) Have an adequate accounting records of all transactions

(4) Members should protect their interest

(5) Implement upgrading of computer programs

Thank you…

*End