PROJECT CASE: VENTURE UNION PAWNSHOP

Venture Union owns and operates several pawnshops in Metro Manila. They offer short term loans to people with personal property, which can be used as collateral. Their business model can be divided into different functions, namely: Item Appraisal, Loan Computation and Releasing, and Inventory Management. The company needs a system to keep track of its operations in these three functions.

Item Appraisal

When a customer wishes to pawn an item, he/she must have the item appraised by a broker. Although brokers are well-trained in appraisal, they may need to check for previous transactions for similar items to aid in the appraisal process. Thus, the system needs to have a function to search for an item by name and/or description to check similar items that were pawned and their corresponding amounts. Matching items are displayed as **search results**.

SEARCH RESULTS for GOLD RING				
Item#	**Category**	**Description**	**Risk Level**	**Amount**
111	Jewelry	Gold ring	High	2000.00
154	Jewelry	Gold ring with 1 carat diamond	Medium	30000.00
167	Jewelry	Gold earrings, 1 pair	Very High	500.00

Loan Computation and Releasing

Once an appraisal has been determined for a certain item, the customer is informed and is asked to provide certain details so that a pawn ticket can be generated by the system.

If a customer has transacted with the pawnshop before, the broker may create a pawn ticket based on a customer's name or customer identification number.

CUSTOMER INFORMATION		
Customer ID: 3579		
Last Name: Francisco	Given Name: Carlito	Middle Initial: P
Address: Blk 9, Lot 3 Tubos Street, Sanglaan Homes		City: Mandaluyong
Mobile: 0999 7774433	Landline: 4448899	Postal Code: 1555
Birth Date: January 1, 1960	Age: 41	
ADD PAWN	VIEW ACTIVE PAWNS	VIEW HISTORY

Interest is determined by a certain risk associated with an item. A broker may select different risk levels based on the appraisal of an item. Again, the broker may use an item appraisal search result to determine an item's risk level.

Risk Level	Interest Rate
Low	1.5%
Medium	3.5%
High	5.75%
Very High	8.75%

Risk level is also determined by a customer's relationship with the pawnshop. Returning customers who have successfully paid previous loans are capped at a *Medium* risk rating.

In addition to the loan interest, a service charge is also added to the loan terms. The service charge is 20% for new customers, and 15% for returning customers, beginning on their sixth transaction.

When the transaction is completed, a **pawn ticket** is issued to the customer. A pawn ticket contains the name and information of a customer, the category (jewelry, electronics, appliances, etc) and description of the item being pawned, the loan amount and interest rate, and the due date for the maturity of the loan, which is one month from the day of the transaction.

PAWN TICKET					
Ticket No: 456		Pawn Date: Nov 11, 2011		Due Date: **Dec 11, 2011**	
Customer: Francisco, Carlito P.					
Address: Blk 9, Lot 3 Tubos Street, Sanglaan Homes, Mandaluyong 1555					
Mobile: 0999 7774433		Landline: 4448899			

ITEMS PAWNED				
Category	**Description**	**Loan Amount**	**Rate**	**Interest**
Jewelry	Gold ring, 24k	10000.00	3.5%	350.00
Electronics	Nokia 2360, black, with battery	1500.00	1.5%	22.50

# of items: 2	Total Loan:	11872.50	
	Service Charge:	1780.88	(15.0%)
	Total Amount Due:	**13653.38**	

Inventory Management

After the pawn agreement has been made, the item is turned over to the pawnshop. The broker should enter the item into the system. The system generates an **inventory tag** that must be attached to the item.

INVENTORY TAG			
Item#	111	Category:	Jewelry
Customer:	Francisco, Carlito P.	Date:	Nov 11, 2011
Description:	Gold ring, 24k	Amount:	10000.00

Business Processes

For any item that is pawned, there are three possible scenarios.

Scenario 1: The customer pays the full amount on or before the loan maturity date. The pawnshop receives the money and removes the item from its inventory. A receipt is then issued to the customer.

RECEIPT

Ticket No: 456	Pawn Date: Nov 11, 2011	Payment Date: **Dec 07, 2011**
Customer: Francisco, Carlito P.	Due Date: Dec 11, 2011	
Address: Blk 9, Lot 3 Tubos Street, Sanglaan Homes, Mandaluyong 1555		
Mobile: 0999 7774433	Landline: 4448899	

ITEMS PAWNED

Category	Description	Loan Amount	Rate	Interest
Jewelry	Gold ring, 24k	10000.00	3.5%	350.00
Electronics	Nokia 2360, black, with battery	1500.00	1.5%	22.50

# of items: 2	Total Loan:	11872.50	
Items returned	Service Charge:	1780.88	(15.0%)
to customer	Total Amount Due:	**13653.38**	Amount Paid: **13653.38**

Scenario 2: The customer wishes to extend his/her loan for another month. The customer must pay the service fee. At this point, a new pawn ticket is issued with a new due date. The principal amount for this new ticket is the total amount due from the previous ticket.

PAWN TICKET

Ticket No: 456	Pawn Date: Nov 11, 2011	Due Date: **Jan 11, 2012**
Customer: Francisco, Carlito P.		
Address: Blk 9, Lot 3 Tubos Street, Sanglaan Homes, Mandaluyong 1555		
Mobile: 0999 7774433	Landline: 4448899	

ITEMS PAWNED

Category	Description	Loan Amount	Rate	Interest
Jewelry	Gold ring, 24k	10350.00	3.5%	362.25
Electronics	Nokia 2360, black, with battery	1522.50	1.5%	22.84

# of items: 2	Total Loan:	12257.59	
	Service Charge:	1838.64	(15.0%)
	Total Amount Due:	**14096.23**	

Scenario 3: The customer does nothing when the loan matures. At this point, the pawnshop can sell the item. The system must generate a daily report of expired items so that the broker can mark these items for sale.

EXPIRED INVENTORY REPORT
December 11, 2011   6:00 PM

Item#	Category	Description	Due Date	Amount	Rate
154	Jewelry	Gold ring with 1 carat diamond	Dec 11, 2011	30000.00	3.5%