



ACCESS TO FINANCE AND SME PERFORMANCE: A QUALITATIVE ANALYSIS

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ABSTRACT

This study investigates how access to finance shapes the performance of small and medium enterprises (SMEs) through the lived experiences of entrepreneurs, financial practitioners, and policy actors. Employing a qualitative multiple-case design grounded in interpretivist philosophy, the research draws on forty-two in-depth interviews, four focus group discussions, and documentary analysis across three metropolitan and semi-urban economic zones. Reflexive thematic analysis revealed five overarching themes: structural and institutional barriers to finance, firm-level constraints and financial literacy gaps, the performance nexus linking finance to growth, coping strategies and alternative financing, and policy, ecosystem, and gender dimensions. Findings indicate that access to finance is not merely a question of capital availability but is mediated by collateral regimes, information asymmetry, financial literacy, gender, and institutional trust. The study concludes that financing constraints operate as a binding constraint on SME revenue, employment, innovation, and market competitiveness, and that current policy interventions remain insufficiently implemented. Recommendations are offered for financial institutions, policymakers, development partners, and SME owners.

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1.0 Introduction

Small and medium enterprises (SMEs) constitute the backbone of most economies, contributing significantly to employment generation, innovation, and gross domestic product. According to the World Bank (2023), SMEs represent approximately ninety percent of all businesses worldwide and account for more than fifty percent of total employment, while in emerging economies they contribute up to forty percent of national income. The Organisation for Economic Co-operation and Development (OECD, 2023) similarly notes that SMEs are the primary drivers of competitive dynamism, structural transformation, and inclusive growth in both advanced and developing economies. In sub-Saharan Africa, where formal employment remains scarce, SMEs serve as the principal vehicle through which households generate income and escape poverty (Fafchamps & Söderbom, 2014).

Despite their strategic importance, SMEs across both developing and developed economies continue to confront persistent challenges in accessing adequate, affordable, and timely finance. Beck, Demirgüç-Kunt, and Levine (2008) demonstrate that financing obstacles are perceived as more severe by smaller firms than by larger ones, and that these obstacles are significantly magnified in countries with weaker institutional environments, less developed legal systems, and lower levels of financial-sector depth. The International Finance Corporation (IFC, 2023) estimates that the annual financing gap for micro, small, and medium enterprises in developing countries exceeds five trillion

United States dollars, a figure that has widened in the post-pandemic macroeconomic environment characterised by elevated interest rates, tightened credit conditions, and inflationary pressures. Demirgüç-Kunt, Klapper, Singer, Ansar, and Hess (2022), drawing on the Global Findex Database, confirm that access to formal credit remains the single most binding constraint reported by entrepreneurs in low- and middle-income countries.

The financing gap for SMEs is well documented in quantitative literature; however, the subjective, experiential dimensions of how entrepreneurs perceive, navigate, and are affected by these constraints remain underexplored. Much of the existing scholarship relies on large-scale survey instruments and econometric models that, while valuable for identifying correlations and aggregate patterns, often obscure the lived realities, adaptive strategies, and meaning-making processes of individual entrepreneurs (Beck & Demirgüç-Kunt, 2006). The voices of those who are excluded—the narratives of rejection, the improvisation around collateral demands, the gendered and generational dimensions of financing discrimination—frequently escape capture in regression coefficients. This study addresses that gap by asking: How do SME owners and financial stakeholders experience and interpret the relationship between access to finance and business performance? Through a qualitative lens, the research seeks to uncover the mechanisms, narratives, and contextual factors that statistical analyses often obscure, thereby complementing and enriching the predominantly quantitative discourse on SME finance.

2.0 Literature Review

2.1 Conceptual Review

Understanding the relationship between access to finance and SME performance requires, first, a clear conceptualisation of the key terms that anchor this study. The definition of an SME varies considerably across jurisdictions and institutional contexts. The European Commission (2003) classifies enterprises based on headcount, annual turnover, and balance-sheet totals, distinguishing micro enterprises (fewer than ten employees), small enterprises (fewer than fifty), and medium enterprises (fewer than two hundred and fifty). The World Bank (2023) adopts a broadly similar taxonomy but emphasises that in developing economies, the boundaries between micro, small, and medium firms are often blurred by informality, under-reporting, and the prevalence of unregistered enterprises. For the purposes of this study, SMEs are understood as independently owned and operated firms that do not dominate their markets and that fall below the threshold of large corporate enterprises in terms of asset base, employment, and revenue.

The concept of access to finance is multidimensional and extends beyond the simple availability of credit. Beck, Demirgüç-Kunt, and Martinez Peria (2007) define financial access as the degree to which individuals and firms can obtain and use financial services—including credit, savings, insurance, and payment systems—in a manner that is affordable, timely, and appropriate to their needs. Demirgüç-Kunt et al. (2022) further distinguish between access (the existence and proximity of financial

services), usage (the frequency and depth of engagement), and quality (the suitability, transparency, and fairness of those services). Sarma and Pais (2011) propose a multidimensional index of financial inclusion that incorporates banking penetration, availability of financial services, and utilisation, arguing that access without usage, or usage without quality, constitutes incomplete inclusion. In the SME context, access to finance therefore encompasses not only the ability to secure a loan but also the availability of working-capital facilities, trade credit, leasing arrangements, equity instruments, and insurance products that collectively sustain business operations and growth.

The concept of SME performance is equally contested. Venkatraman and Ramanujam (1986) argue that business performance in strategy research has been narrowly equated with financial metrics such as return on investment, profit margins, and sales growth, while neglecting operational and organisational dimensions. Murphy, Trailer, and Hill (1996) review sixty-eight studies of entrepreneurship and identify no fewer than fifty distinct performance measures, concluding that the choice of metric profoundly shapes research findings. For this study, SME performance is conceptualised broadly to encompass financial outcomes (revenue growth, profitability), operational outcomes (capacity utilisation, productivity), employment generation, innovation and technology adoption, and market competitiveness. This multidimensional framing acknowledges that an SME may be financially modest yet socially significant

through employment creation, or technically innovative yet constrained in market reach.

Finally, the notion of financial literacy warrants conceptual attention as it mediates the relationship between finance and performance. Lusardi and Mitchell (2014) define financial literacy as the ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions. In the SME context, financial literacy extends to the capacity to maintain accurate records, prepare bankable proposals, interpret loan terms, and manage cash flows (Klapper, Lusardi, & van Oudheusden, 2015). Where financial literacy is low, even available finance may be underutilised, misallocated, or avoided altogether, creating a self-reinforcing cycle of exclusion.

2.2 Empirical Review

A substantial body of empirical literature has examined the determinants and consequences of SME financing constraints across diverse economic contexts. At the macro level, Levine (2005), in a comprehensive review of theory and evidence, establishes that the development of financial intermediaries and markets is positively and robustly associated with economic growth, capital accumulation, and productivity improvements. Rajan and Zingales (1998) demonstrate that industries and firms that are more dependent on external finance grow disproportionately faster in countries with more developed financial systems, suggesting that financial development relaxes a binding constraint on growth. These macro-level findings provide the structural backdrop against which firm-

level financing challenges must be understood.

At the firm level, Beck, Demirgüç-Kunt, and Maksimovic (2008) analyse data from over four thousand firms across fifty-four countries and find that smaller firms consistently report greater financing obstacles than larger firms, with the gap being most pronounced in countries with poor information-sharing institutions, weak legal enforcement, and high levels of corruption. The authors conclude that the SME financing gap is not merely a supply-side phenomenon driven by risk aversion but is deeply embedded in the institutional architecture of financial markets. Ayyagari, Demirgüç-Kunt, and Maksimovic (2014) extend this analysis by distinguishing between small firms and young firms, finding that while size matters, the age of the firm is an equally powerful predictor of financing constraints. Young firms, regardless of size, face the most severe credit rationing due to the absence of track records, collateral, and reputational capital.

In the African context, Fafchamps and Söderbom (2014) review the evidence on finance and enterprise growth and conclude that while credit constraints are real and significant, they are neither universal nor uniform. Their analysis reveals substantial heterogeneity: firms in capital-intensive sectors, firms owned by women, and firms in rural areas face disproportionately higher barriers. They further note that informal financing mechanisms, while widespread, are insufficient to finance the fixed investments necessary for structural transformation. Similarly, Girma (2017), studying

manufacturing firms in Ethiopia, finds that credit-constrained firms grow significantly slower than unconstrained peers, and that the effect is more acute for firms with higher growth potential, suggesting that financing constraints impose a deadweight loss on the economy by preventing the most promising firms from realising their potential.

The relationship between finance and specific performance dimensions has also been examined. Beck, Buyukkarabacak, Rioja, and Valev (2011) show that bank credit to the private sector is positively associated with employment growth, particularly in sectors that rely heavily on external finance. In the innovation domain, Hall and Lerner (2010) document that financing constraints are a primary barrier to research and development investment, as the intangible and uncertain nature of innovative projects makes them poorly suited to traditional collateral-based lending. For SMEs seeking to adopt new technologies or enter export markets, the absence of medium- and long-term finance represents a critical bottleneck (OECD, 2023).

Gender dimensions of SME financing have attracted growing empirical attention. Aterido, Beck, and Iacovone (2013) find that female-owned firms in sub-Saharan Africa face significantly higher financing obstacles than male-owned firms, even after controlling for firm size, sector, and age. The authors attribute this gap to a combination of demand-side factors (lower financial literacy, smaller networks) and supply-side factors (lender discrimination, collateral requirements tied to assets disproportionately held by men). Demirgüç-Kunt et al. (2022)

confirm that the gender gap in access to formal credit persists globally, with women in low-income countries being significantly less likely to have a bank account, a loan, or a mobile-money facility.

The role of alternative and informal financing has been explored by Udell (2015), who documents the persistence of trade credit, factoring, leasing, and supplier financing as substitutes for bank loans, particularly in environments with underdeveloped banking sectors. More recently, the emergence of fintech and mobile-money lending has been examined by Jagtiani and Lemieux (2018) and Di Castri, Homa, and Carr (2019), who find that digital lending platforms have expanded access but at significantly higher cost, raising concerns about over-indebtedness and predatory practices among vulnerable borrowers.

Despite this extensive empirical literature, a notable gap remains. The overwhelming majority of studies employ quantitative methods—cross-sectional surveys, panel data regressions, and econometric modelling. While these approaches identify correlations and aggregate patterns, they provide limited insight into how entrepreneurs subjectively experience financing constraints, how they interpret and respond to rejection, and how the absence of finance shapes their strategic choices, identity, and aspirations on a day-to-day basis (Beck & Demirgüç-Kunt, 2006). It is this experiential and interpretive dimension that the present qualitative study seeks to illuminate.

2.3 Theoretical Review

The relationship between access to finance and SME performance can be understood through several complementary theoretical lenses, each illuminating a different facet of the phenomenon. The Information Asymmetry Theory, rooted in the seminal work of Akerlof (1970) on adverse selection and moral hazard, provides the foundational explanation for why financial markets fail to serve SMEs adequately. Stiglitz and Weiss (1981) extend this reasoning to credit markets, demonstrating that in the presence of asymmetric information—where borrowers know more about their risk profile than lenders do—rational lenders will engage in credit rationing rather than raising interest rates to clear the market. Higher interest rates, they show, attract riskier borrowers (adverse selection) and incentivise riskier behaviour (moral hazard), leading to a sub-optimal equilibrium in which credit is rationed by quantity rather than price. SMEs, which typically lack audited financial statements, verifiable collateral, and established credit histories, are disproportionately affected by this information gap. The theory thus explains why collateral requirements, relationship lending, and credit-bureau infrastructure emerge as institutional responses to mitigate informational deficits (Boot, 2000).

3.0 Methodology

The study is anchored in an interpretivist research philosophy, which posits that social realities are constructed through the subjective meanings individuals attach to their experiences (Saunders, Lewis, & Thornhill, 2019). Given that access to finance

and its impact on SME performance is deeply embedded in contextual, institutional, and personal narratives, an interpretivist lens enables the exploration of the lived experiences of SME owners, managers, and financial stakeholders rather than reducing these dynamics to numerical indicators. Consequently, a qualitative research approach was adopted, consistent with the study's objective to understand the underlying mechanisms and subjective perceptions behind financing challenges (Creswell & Poth, 2018). Qualitative inquiry is particularly suited to exploring complex, multi-dimensional phenomena where context, perception, and meaning-making are central to the research problem.

The research employed a multiple-case qualitative design (Yin, 2018), allowing for an in-depth, contextually rich examination of how financing constraints and opportunities shape SME performance across varied sectors and stages of enterprise development. According to Yin (2018), a multiple-case approach strengthens analytical generalisation by enabling cross-case comparison while preserving the idiographic depth of each individual case. The study was conducted across three metropolitan and semi-urban economic zones selected for their concentration of registered SMEs and diversity of financial institutions.

The target population comprised SME owners and managing directors operating in manufacturing, services, retail, and agribusiness sectors; loan officers and relationship managers at commercial banks, microfinance institutions, and development finance institutions; and policy actors

including officials from SME development agencies and chambers of commerce. A purposive sampling strategy was utilised to identify information-rich participants who could provide deep insights into the phenomenon (Palinkas et al., 2015). Within this framework, maximum variation sampling was applied to ensure diversity in firm size, sector, gender of ownership, years in operation, and prior financing experience. Furthermore, snowball sampling supplemented recruitment for hard-to-reach participants, particularly informal-sector entrepreneurs who often operate outside formal registries (Noy, 2008). The final sample comprised forty-two participants: twenty-four SME owners and managing directors, ten financial institution officers, five policy and support-agency officials, and three business development service providers. The sample size was guided by the principle of data saturation, the point at which no new themes or insights emerge from the data (Fusch & Ness, 2015; Guest, Namey, & Chen, 2020). In this study, saturation was confirmed when no new conceptual codes emerged from the thirty-eighth interview onward.

Data were gathered through three complementary qualitative instruments to ensure methodological triangulation, a strategy recommended by Denzin (2017) to reduce the risk of systematic bias inherent in any single method. First, semi-structured in-depth interviews were conducted using an open-ended interview guide (Kvale & Brinkmann, 2015) covering financing history, perceived barriers, coping strategies, and the perceived link between finance and business outcomes such as revenue,

employment, innovation, and market expansion. Each interview lasted between forty-five and ninety minutes and was audio-recorded with consent. Second, four focus group discussions of six to eight participants each were held—two with SME owners and two with financial institution officers—to capture collective sense-making, shared narratives, and points of contention. Third, relevant policy documents, SME financing frameworks, institutional lending guidelines, and annual performance reports of selected SMEs were reviewed to contextualise and corroborate interview data.

The interview guide was developed through an extensive literature review and peer-reviewed by two academics specialising in SME finance and qualitative methods. A pilot study involving five participants, who were subsequently excluded from the main sample, was conducted to refine question wording, sequencing, and probing techniques.

Data were analysed using Reflexive Thematic Analysis following the six-phase framework established by Braun and Clarke (2019). The process began with repeated reading of transcripts and field notes for familiarisation, followed by initial coding across the entire dataset using qualitative data analysis software. Codes were then collated into candidate themes, which were reviewed against coded extracts and the full dataset. Themes were refined, defined, and named before the final analytical narrative was produced. Both inductive, data-driven coding and deductive, theory-informed coding were employed. The deductive coding was informed by seminal theoretical frameworks,

including the Pecking Order Theory (Myers, 1984), Financial Intermediation Theory (Gurley & Shaw, 1955), and the Resource-Based View of the firm (Barney, 1991).

Trustworthiness and rigour were ensured by applying the classic criteria established by Lincoln and Guba (1985). Credibility was established through member-checking, prolonged engagement, and the triangulation of data sources. Transferability was facilitated by providing thick, contextual descriptions of the research setting and participants. Dependability was maintained through a detailed audit trail of all analytical decisions, while confirmability was achieved via reflexive journaling and peer debriefing sessions to bracket the researcher's personal assumptions. Ethical clearance was obtained from the institutional review board prior to data collection. All participants provided written informed consent, pseudonyms were assigned to protect identities, and sensitive commercial information was treated with strict confidentiality.

It is acknowledged that the qualitative design limits statistical generalisability. Findings are context-bound and reflect the perceptions of the sampled participants. Social desirability bias and recall bias, particularly regarding financial figures, were mitigated through triangulation with documentary evidence but could not be entirely eliminated.

4.0 Results and Findings

A total of forty-two interviews and four focus group discussions were conducted. Transcripts yielded approximately 1,240 pages of text. The analysis produced 218 initial codes, which were collapsed into 27

sub-themes and ultimately organised into five overarching themes: structural and institutional barriers to finance; firm-level constraints and financial literacy gaps; the performance nexus linking finance to growth; coping strategies and alternative financing; and policy, ecosystem, and gender dimensions.

4.1 Structural and Institutional Barriers

The most dominant theme, referenced by thirty-nine of forty-two participants, concerned systemic obstacles within the formal financial architecture. SME owners consistently described collateral demands—particularly land titles and fixed-asset liens—as prohibitive. Many operated from rented premises or held customary, non-titled land, rendering them ineligible for secured lending regardless of the viability of their enterprises. One female manufacturing SME owner with nine years of trading history and contracts with major retailers expressed frustration that the absence of a title deed on a property worth three times the requested loan constituted an absolute barrier. Her experience was echoed across sectors and geographies, suggesting that collateral regimes function as a structural gatekeeping mechanism that privileges asset ownership over enterprise performance.

Compounding the collateral problem were bureaucratic and lengthy approval processes. Participants reported loan application-to-disbursement timelines ranging from three to nine months, often resulting in missed business opportunities. A services-sector owner described losing a government tender worth more than his annual revenue because the bank took five months to process a working-capital facility. Financial institution

officers acknowledged these delays but attributed them to internal risk-aversion culture, multiple compliance layers, and understaffing in SME lending units. A senior loan officer at a commercial bank explained that the institution was under enormous pressure to keep non-performing loans below five percent, meaning every SME file passed through four or five committees. The system, he noted, was designed to be cautious rather than facilitative.

Underlying both the collateral demands and the protracted processes was a fundamental problem of information asymmetry. Bank officers highlighted the difficulty of assessing SME creditworthiness due to the absence of audited financial statements, unreliable credit-bureau coverage, and the opacity of informal cash flows. This asymmetry reinforced risk-averse lending and elevated interest rates for SMEs relative to large corporates, creating a pricing structure that further discouraged borrowing among the most financially constrained firms.

4.2 Firm-Level Constraints and Financial Literacy Gaps

While structural barriers dominated the narrative, participants also revealed significant firm-level constraints that interacted with institutional exclusion. Poor record-keeping and the commingling of personal and business finances were recurring sub-themes, particularly among micro and small enterprises. A retail SME owner admitted to keeping records in a notebook, sometimes forgetting to write transactions down, and feeling lost when a bank requested two years of audited

accounts. This absence of formal financial documentation rendered many enterprises invisible to the formal lending system.

Closely related was the issue of limited financial literacy and business planning capacity. Policy officials and business development service providers observed that many SME owners lacked the skills to prepare bankable business plans, project cash flows, or articulate growth strategies in terms lenders could assess. One BDS provider noted that while entrepreneurs possessed wonderful products and genuine passion, there was often a blank stare when asked to articulate a three-year financial projection. The gap, she observed, was not just in money but in the language of finance.

Digital exclusion added a further layer of disadvantage. Younger, technology-oriented entrepreneurs reported greater ease accessing fintech-based credit, while older owners and those in rural or semi-urban areas faced exclusion due to limited digital literacy and poor connectivity. This generational and geographic divide meant that even where innovative financial products existed, they did not reach all segments of the SME population equally.

4.3 The Performance Nexus: Finance as Catalyst or Constraint

The third theme captured participants' perceptions of how access, or the lack thereof, to finance directly and indirectly affected SME performance indicators. Those who had successfully accessed formal finance reported measurable revenue increases, the ability to invest in inventory, and the capacity to pursue larger contracts.

An agribusiness owner described how a development finance institution facility enabled her to purchase two additional machines, tripling monthly output and expanding her client base from two shops to fourteen within a year. Conversely, those consistently denied finance described stagnation, under-capacity operation, and the painful experience of watching competitors secure contracts they were equally capable of fulfilling. A manufacturing SME owner reported running at forty percent capacity for six years because he could not afford a second production line.

Beyond revenue, access to finance was linked to employment creation. Financed SMEs reported hiring additional staff, whereas unfunded firms often relied on family labour and could not scale their workforce. Innovation and technology adoption were similarly contingent on medium- and long-term finance; several participants noted that without such finance, they remained locked in low-value, labour-intensive production methods. Market access and competitiveness were also affected, as finance enabled participation in trade fairs, compliance with certification standards, and the ability to offer competitive credit terms to buyers.

4.4 Coping Strategies and Alternative Financing

Faced with formal-sector exclusion, SMEs employed a range of adaptive strategies. Bootstrapping through retained earnings was the most common, though participants noted it was slow and limited ambition. Trade credit and supplier financing were described as a lifeline, enabling deferred payment for inputs, though participants acknowledged

that over-reliance strained supplier relationships. Informal savings and lending groups—rotating associations known variously as *chamas*, *tontines*, or *stokvels*—provided short-term liquidity but were insufficient for capital-intensive investments.

Fintech and mobile-money lending emerged as a significant alternative, particularly among younger entrepreneurs who valued speed and minimal paperwork. However, the effective annual interest rates on such platforms, often approaching forty percent, led participants to use them only for emergencies rather than productive investment. Asset leasing and hire-purchase arrangements were identified as an emerging preferred route to acquire machinery without full collateral, though availability remained limited and awareness low.

4.5 Policy, Ecosystem, and Gender Dimensions

While participants acknowledged the existence of SME financing policies, guarantee schemes, and development funds, many described them as poorly publicised, inconsistently implemented, or captured by politically connected firms. A policy official candidly observed that the government guarantee fund existed on paper, but in practice commercial banks still demanded full collateral. The policy and the practice, he said, lived in different worlds.

Gendered financing disparities constituted a particularly troubling sub-theme. Female SME owners reported disproportionate difficulties, including discriminatory collateral requirements such as spousal consent, lower approved loan amounts

relative to identical male applications, and condescending treatment by loan officers. One retail owner recounted being asked by a loan officer whether her husband knew she was applying, while her male counterpart in the adjacent office faced no such inquiry. Young entrepreneurs under thirty-five cited the absence of credit history and limited asset accumulation as structural disadvantages, compounded by lender stereotypes about youth ventures being inherently high-risk.

A cross-case comparison revealed three distinct SME financing trajectories. The first, the excluded-stagnant group, comprised firms unable to access formal or alternative finance, characterised by low growth, survivalist orientation, and reliance on personal savings. The second, the informally financed-moderate growth group, consisted of firms leveraging trade credit, savings groups, and fintech for incremental growth but constrained in scaling. The third, the formally financed-high growth group, included firms that had secured bank or DFI finance and demonstrated significant revenue, employment, and innovation gains. The trajectory a firm occupied was determined less by the quality of the business idea and more by the intersection of collateral availability, financial literacy, sector, gender, and institutional relationships.

5.0 Conclusions

This qualitative study set out to explore how access to finance shapes SME performance through the lived experiences of entrepreneurs, financial practitioners, and policy actors. Five principal conclusions emerge from the analysis.

First, structural and institutional barriers remain the primary constraint on SME financing. Excessive collateral requirements, protracted approval processes, and information asymmetry create a financing environment that is structurally biased against SMEs, particularly micro and small enterprises. These barriers are not incidental but are embedded in the risk-management architectures and regulatory frameworks of formal financial institutions.

Second, firm-level capacity gaps compound structural exclusion. Poor record-keeping, limited financial literacy, and the absence of bankable business plans render many SMEs invisible to the formal lending system, creating a dual exclusion where institutional barriers and internal deficiencies reinforce one another.

Third, where finance is accessed, its impact on SME performance is transformative. The evidence from this study confirms that access to adequate, timely, and affordable finance is a binding determinant of revenue growth, employment creation, technological upgrading, and market competitiveness. Conversely, persistent financing constraints condemn otherwise viable enterprises to stagnation and under-capacity operation.

Fourth, SMEs are not passive victims of financing exclusion. They deploy a range of coping strategies including bootstrapping, trade credit, informal savings groups, and fintech platforms. However, these alternatives are insufficient for transformative growth and, in the case of high-interest digital lending, may introduce new vulnerabilities.

Fifth, the financing landscape is not gender-neutral or age-neutral. Women entrepreneurs and young founders face additional layers of discrimination and structural disadvantage that compound the general barriers experienced by all SMEs. Policy interventions that do not explicitly address these intersectional dimensions risk perpetuating existing inequalities.

6.0 Recommendations

In light of the findings and conclusions, the following recommendations are advanced for consideration by relevant stakeholders.

- i. For financial institutions, there is an urgent need to move beyond asset-based lending models toward cash-flow-based and character-based credit assessment. Investment in alternative credit-scoring methodologies, including the use of transaction data, mobile-money histories, and psychometric tools, can reduce information asymmetry without over-relying on physical collateral. Institutions should also streamline internal approval processes for SME loans, establishing dedicated SME desks with delegated authority and shorter turnaround targets. Staff training on gender sensitivity and the specific needs of youth enterprises is essential to eliminate discriminatory practices observed in this study.
- ii. For policymakers and regulators, the gap between policy intent and implementation must be closed. Existing SME guarantee schemes and development funds require

independent monitoring, transparent eligibility criteria, and public reporting on disbursement. Regulatory sandboxes should be expanded to encourage responsible fintech innovation in SME lending while capping effective interest rates to protect borrowers. Governments should invest in national credit-bureau infrastructure that captures informal and mobile-money transactions, thereby widening the credit-visible population.

- iii. For development partners and business development service providers, sustained investment in financial literacy and business planning training for SME owners is critical. Such programmes should be practical, sector-specific, and delivered in local languages. Particular attention should be directed toward women and young entrepreneurs, for whom tailored mentorship, networking, and peer-learning programmes can build both capacity and confidence. Support for digital literacy and the adoption of basic accounting software should be integrated into broader SME development initiatives.
- iv. For SME owners and entrepreneurs, while structural reform is necessary, there is also value in proactive steps to improve internal governance. Maintaining separate business accounts, adopting basic digital bookkeeping, and investing time in developing credible business plans can significantly enhance bankability.

- Forming or joining cooperative structures and industry associations can also strengthen collective bargaining power with financial institutions and improve access to trade credit and bulk-input financing.
- v. For researchers, this study recommends longitudinal qualitative research that tracks SME financing journeys over time to capture the dynamic interplay between access, performance, and adaptation. Comparative cross-country qualitative studies would enrich understanding of how institutional contexts mediate the finance-performance relationship. Mixed-methods designs that combine the depth of qualitative inquiry with the breadth of survey data would further strengthen the evidence base.

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