ACCESS TO CREDIT AND MSMES PERFORMANCE

FYNEFACE Thankgod[1], & SAMUEL S. Ogunbiyi (Ph.D)[2]
[1&2]Finance & Banking Department, University of Port Harcourt, Port Harcourt

Abstract
The specific objectives of this research include assessing the impact of credit access on MSME (Micro, Small, and Medium Enterprises) performance, evaluating the challenges faced by MSMEs in obtaining credit, examining the role of financial institutions in facilitating credit access, and identifying factors that influence credit utilization among MSMEs in Port Harcourt. The survey research method was employed, focusing on traders, managers, and business owners within Port Harcourt Local Government Area. A stratified sampling technique was used to select 150 respondents, distributed across the MSME sector in the area. Findings revealed that respondents perceive access to credit as essential for business growth and sustainability, with notable impacts on expansion, innovation, and profitability. However, challenges such as stringent collateral requirements, high-interest rates, and limited knowledge of financing options were identified as major obstacles. Despite these challenges, there is a positive perception of the role of credit in enhancing MSME performance. The study concludes that improving MSME access to credit through tailored financial solutions and supportive policies could enhance economic development in Port Harcourt. Enhanced financial literacy, collaborative efforts between financial institutions and government support are recommended to foster a more conducive environment for MSME growth.
Keywords: *Credit Accessibility, Credit, MSME, MSME Performance.*

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are veritable channel for employment creation, accounting for 90% jobs in the developing countries; they help in the reduction of poverty through distribution of wealth, thereby upgrading the quality of life. They are also the drivers of economic growth through industrialization and modernization (Eniola, *et al.,* 2015). Micro, Small, and Medium Enterprises (MSMEs) are recognized globally as vital contributors to economic growth, employment generation, and poverty reduction. These enterprises account for the majority of businesses worldwide and play a pivotal role in enhancing competitiveness and innovation within the economy. According to the World Bank (2021), MSMEs constitute around 90% of businesses and more than 50% of employment globally. In developing economies, the role of MSMEs is even more pronounced, providing income opportunities and promoting inclusive economic development (Chitsimran, *et al.,* 2020).

Access to credit is essential for the survival and growth of MSMEs, as it enables them to expand operations, invest in new technologies, and improve productivity (Ayyagari, *et al.,* 2018). However, securing financing remains a major obstacle for MSMEs, particularly in developing countries where financial markets are often underdeveloped. Approximately 40% of MSMEs in low and middle-income countries face significant credit constraints, limiting their ability to grow and contribute fully to the economy (International Finance Corporation (2020). Limited access to credit can hinder the performance of MSMEs by constraining their capacity to meet market demand, adopt new innovations, or compete effectively with larger firms (Berger & Udell, 2003). One of the primary reasons MSMEs struggle to secure financing is the perceived risk associated with lending to smaller businesses. Lenders view MSMEs as riskier than larger firms due to their limited assets, lack of credit history, and often informal nature. This perception, coupled with high collateral requirements and complex application processes, creates significant barriers to credit access for MSMEs. Moreover, MSMEs often lack the financial literacy and resources needed to navigate the credit market effectively, further exacerbating their financial exclusion (Gupta *et al.,* 2018).

Research has shown that access to formal credit positively impacts MSME performance by enhancing their ability to manage cash flow, scale operations, and reduce costs through bulk purchasing or investments in efficient production techniques (Nichter & Goldmark, 2009). A study conducted by Fowowe (2017) in sub-Saharan Africa demonstrates that MSMEs with access to credit exhibited higher sales growth and improved profitability compared to those that rely solely on personal savings or informal lending sources.

The main objective of this project is to examine the relationship between access to credit and the performance of MSMEs in Port Harcourt Local Government Area, Rivers state. This study addresses three research questions that highlight the relationship between access to credit and MSME performance. Firstly, what are the impact of credit access on MSMEs performance? Secondly, what are the factors affecting MSME in obtaining credit? What roles do financial institutions play in facilitating credit access for MSMES?

2. Literature Review

2.1.1 Access to credit

This is generally defined as the ability of individuals, businesses, or institutions to obtain loans or credit from financial entities, allowing them to borrow against future earnings to fund current expenditures or investments. This access is fundamental for stimulating economic activities, as it enables consumers and companies to increase spending and investment, promoting economic growth. Access to credit is influenced by a country's financial regulations, borrower creditworthiness, and institutional factors, which help protect lenders and ensure a reliable flow of credit (Fiveable, 2024; Shimek & Sengupta, 2017).

Access to credit is positively associated with improved MSME performance, as it enables investments in technology, inventory, and market expansion. A recent meta-analysis by Ade and Emmanuel (2023) found that MSMEs with access to formal credit experience higher growth rates and improved profitability. Credit access also enables MSMEs to navigate cash flow constraints, reducing the likelihood of operational disruptions and business failure (Endris & Kassegn, 2022). Access to credit is integral to the performance of MSMEs. Enhancing credit accessibility can help MSMEs overcome growth constraints and contribute meaningfully to economic stability and job creation. Policymakers and financial institutions must focus on developing tailored credit solutions to support MSMEs and foster sustainable economic growth.

MSME performance is considered as the degree to which micro, small, and medium-sized enterprises achieve their objectives, typically measured through various indicators such as profitability, market share, productivity, and sustainability. MSME performance is influenced by multiple factors including innovation, market conditions, managerial capabilities, and financial access. Performance indicators are essential for understanding the growth potential and economic impact of MSMEs, which serve as key drivers of job creation and economic development globally.

Saha et al., (2023) states that MSME performance is not solely dependent on financial metrics but also on non-financial aspects such as customer satisfaction, employee engagement, and social responsibility. Moreover, advancements in technology and digital adoption have further transformed how MSMEs evaluate performance, with data-driven strategies enabling real-time assessments and more adaptive business decisions.

However, MSMEs often face constraints in obtaining adequate credit, largely due to perceived risks by financial institutions and lack of collateral. Ajayi et al., (2022) stated that financial constraints limit the potential growth of MSMEs, making access to credit essential for scaling operations. In contexts where MSMEs lack access to formal banking systems, alternative financing sources such as microfinance institutions and digital lending platforms have proven instrumental. According to Arner *et al.* (2022) digital credit platforms are increasingly bridging the finance gap for MSMEs by offering faster access to capital with minimal requirements.

The positive correlation between credit access and MSME performance also linked to improvements in operational efficiency and productivity. A study by Ajayi, *et al.* (2021) on MSMEs in Nigeria revealed that enterprises with reliable access to credit exhibited significantly higher productivity and sales growth than those without such access. The researchers attributed this growth to enhanced cash flow, which supports stable supply chains and efficient inventory management. Similarly, Wijaya, *et al.* (2025). found that

MSMEs with adequate financing options can effectively manage risks, sustain competitive advantage, and create more employment opportunities, thereby contributing to regional economic development. Access to credit is integral to the performance of MSMEs. Enhancing credit accessibility can help MSMEs overcome growth constraints and contribute meaningfully to economic stability and job creation. Policymakers and financial institutions must focus on developing tailored credit solutions to support MSMEs and foster sustainable economic growth.

2.1.2 Factors Affecting Access to Credit for MSMEs Performance

Micro, Small, and Medium Enterprises (MSMEs) are significant contributors to economic growth, job creation, and poverty reduction in both developed and developing countries. However, access to credit remains a persistent challenge affecting the performance and sustainability of MSMEs.

Financial Characteristics: Research identifies financial factors, particularly inadequate collateral and high-interest rates, as primary barriers to credit access for MSMEs. Studies highlight that lenders often perceive MSMEs as high-risk borrowers due to limited financial histories, leading to stringent collateral requirements (Jrad, 2023). A recent study by Msomi (2023) found that MSMEs without sufficient collateral assets face difficulties securing loans from traditional financial institutions. Furthermore, high-interest rates significantly limit MSMEs' borrowing capacity, as they increase the cost of loans and thus deter businesses from seeking credit.

Institutional and Regulatory Factors: The role of financial institutions and regulatory frameworks significantly influences MSMEs' access to credit. According to recent literature, institutional challenges such as bureaucratic lending procedures, lack of tailored financial products, and limited branch networks in rural areas limit MSMEs' credit access (Abe, et al., 2015). Additionally, regulatory frameworks often impose strict requirements for loan approval, such as mandatory business registration, comprehensive financial records, and tax compliance, which many MSMEs, particularly informal ones, may struggle to meet (Okafor et al., 2022).

Socio-Demographic Characteristics of Entrepreneurs: Socio-demographic factors, such as gender, education level, and entrepreneurial experience, also influence MSMEs' access to credit. Recent studies suggest that women-owned MSMEs face more credit constraints than their male counterparts due to gender biases in lending practices and lower asset ownership (Odek & Mwenda, 2023). Furthermore, entrepreneurs with higher education levels are more likely to secure credit, as they can better understand lending requirements and navigate the financial system effectively (Maisaje *et al.,* 2023). Entrepreneurial experience is another determinant; experienced entrepreneurs are often more familiar with financial institutions' credit offerings, enhancing their ability to access loans (Yusuf *et al.,* 2024).

Macroeconomic Factors: Macroeconomic conditions, including inflation, interest rates, and economic stability, significantly impact MSMEs' access to credit. High inflation rates often lead to increased interest rates, making credit more expensive and less accessible for small businesses (Umeaduma, 2024). Additionally, in periods of economic instability, banks and other lending institutions may reduce their lending activities to MSMEs due to perceived risk (Ajuwon, *et al.,* 2018). Government interventions, such as interest rate subsidies or guarantee schemes, have shown some effectiveness in mitigating these macroeconomic constraints. For instance, Gaddafi *et al.* (2024) found that government-backed credit guarantee schemes in Nigeria improved credit accessibility among MSMEs by reducing lender risk.

2.1.3 The Role of the Central Bank of Nigeria and Financial Regulations on MSMEs Performance

The role of the Central Bank of Nigeria (CBN) and financial regulations is pivotal in shaping the landscape for micro, small, and medium enterprises (MSMEs) in Nigeria. MSMEs are the backbone of the Nigerian economy, accounting for over 84% of total employment in the country. However, challenges like limited access to finance and a stringent regulatory environment impede their growth. This review examines how CBN policies and financial regulations impact MSMEs' performance, with a focus on access to finance, business sustainability, and overall growth.

The CBN has introduced various initiatives, including intervention funds and credit schemes, to enhance MSMEs' access to finance. For example, the MSME Development Fund (MSMEDF) was launched to support MSMEs with affordable loans, targeting women entrepreneurs and disadvantaged groups (Arner et al.,2022). This initiative is designed to provide single-digit interest rates, making credit more accessible for small businesses that struggle with the high-interest rates from commercial banks. Studies show that these intervention funds have helped improve financial inclusion among MSMEs, fostering their capacity to scale operations and contribute to the economy. Financial regulations set by the CBN, such as capital adequacy requirements and credit guidelines, have also been influential. For instance, regulations mandating lower capital requirements for microfinance institutions aim to facilitate more lending to MSMEs (Arner et al.,2022). Microfinance institutions play a critical role by extending credit to small businesses that lack collateral for conventional loans. This regulatory support has been found to significantly enhance MSME performance, particularly in rural areas, where financial inclusion remains low. According to Johnson, Roberts, and Wilson (2024), these regulations enable small enterprises to build financial resilience and sustain operations in a volatile economic environment.

The CBN's role in shaping financial stability through monetary policies indirectly impacts MSMEs as well. For example, high inflation rates and currency depreciation have posed challenges for MSMEs by increasing the cost of raw materials and reducing purchasing power (Johnson *et al.,* 2024). In response, the CBN has implemented policies to curb inflation and stabilize the naira. However, while these policies are beneficial at a macroeconomic level, they may inadvertently constrain MSMEs by tightening liquidity in the economy, leading to higher interest rates for loans. Despite these interventions, several limitations persist. The bureaucratic processes associated with accessing CBN funds and other regulatory hurdles often deter MSMEs from fully benefiting from available financial support (Arner *et al.,*2022). Furthermore, the lack of financial literacy among many small business owners means that some are unaware of, or unable to leverage, these funding opportunities effectively. This gap in awareness and capacity highlights the need for complementary educational programs that equip MSMEs with the knowledge to navigate the financial landscape effectively.

2.2 Theoretical Framework

The theoretical framework underpinning this study is the Financial Constraints Theory. The Financial Constraints Theory, often associated with the work of Fazzari, et al., (1987), posits that the availability of financial resources significantly influences the performance and growth potential of businesses, especially micro, small, and medium enterprises (MSMEs). According to this theory, firms experiencing limited access to credit may struggle to finance a critical operational and expansion activity, which hinders their capacity for growth and innovation. In the context of MSME performance, the Financial Constraints Theory provides a valuable lens through which to examine how restricted access to credit impacts the ability of these businesses to thrive. The theory suggests that when MSMEs face financial constraints, they are often unable to invest in essential resources such as inventory, technology, and skilled labor. As a result, their productivity, profitability, and competitiveness may suffer. This perspective highlights the critical role that credit accessibility plays in supporting MSMEs' operational stability and long-term viability.

Furthermore, Financial Constraints Theory emphasizes that financial access is often limited by external factors, including stringent lending criteria, high interest rates, and lack of collateral. These barriers disproportionately affect smaller businesses, as they often lack the financial history or assets required by lending institutions. Consequently, MSMEs operating under financial constraints may face greater difficulty in scaling their operations, adapting to market changes, or capitalizing on emerging opportunities. By understanding these limitations, financial institutions and policymakers can design interventions and policies that aim to improve credit access, enabling MSMEs to unlock their growth potential and positively contribute to economic development.

The relevance of Financial Constraint Theory to the study of MSME performance lies in its recognition of the critical role that credit accessibility plays in shaping the financial health and sustainability of small businesses. By addressing the barriers to credit access and mitigating financial constraints, government, policymakers and stakeholders can support a more inclusive financial environment, empowering MSMEs to achieve higher levels of productivity, innovation, and economic resilience.

2.3 Empirical Review

Rasheed et al. (2024) conducted a comprehensive study to examine the influence of access to finance, learning orientation, and innovation on the performance of small and medium enterprises (SMEs) within the textile sector in Faisalabad, Pakistan. The study also investigated the moderating role of business risk in these relationships. Data were collected from a sample of 300 SMEs and analyzed using Structural Equation Modeling (SEM) via SmartPLS 3. Prior to SEM analysis, checks for data normality and multicollinearity were performed to ensure statistical robustness. The findings of the study reveal that access to finance, learning orientation, and innovation each exert a significant and positive effect on SME performance. Importantly, business risk was found to moderate the relationship between both access to finance and innovation with SME performance, highlighting its critical role as a contextual factor. However, no moderating effect of business risk was observed in the relationship between learning orientation and performance. This study contributes valuable insights for both practitioners and policymakers by emphasizing the need to consider contextual business risks when designing financial and innovation-related strategies for SME development. Saha *et al.* (2023) investigate the determinants of loan defaults among micro, small, and medium enterprises (MSMEs) in India, adopting a survival analysis approach to provide insights for lenders and policymakers. Utilizing a large dataset of 429,000 MSME loan accounts originated by a nationally operating bank between January 1, 2016, and December 31, 2020, the study applies the Kaplan–Meier survival function and Cox Proportional Hazard model to explore the timing and risk factors associated with loan defaults. The findings reveal considerable heterogeneity in loan survival rates across different socio-demographic groups and loan categories. Key default drivers are identified, with evidence suggesting that subsidies are most effective at lower levels, while their impact diminishes beyond a certain threshold. Additionally, the analysis indicates that increases in interest rates have differential effects on loan survival across industries and loan types. From a practical standpoint, the study highlights critical inflection points in default dynamics, offering valuable guidance for banks to implement timely interventions. It also emphasizes the importance of tailored lending strategies, informed by borrower profiles and loan characteristics. For policymakers, the simulated survival rates provide a basis for calibrating interest rates, refining interest subvention policies, and optimizing subsidy allocation to support the sustainable growth of MSMEs. This research is notable for being the first to examine MSME loan default drivers in India using micro-level data and survival analysis, thereby contributing novel insights into risk management and policy formulation in the financial sector. Loo *et al.* (2023) presented a systematic review focused on the challenges associated with technology adoption and innovation among Malaysian Micro, Small, and Medium Enterprises (MSMEs). Recognizing the pivotal role MSMEs play in the national economy, the study identifies persistent obstacles such as limited technological capability and technical inefficiencies that hinder innovation and growth in this sector. The authors examine various theoretical frameworks to contextualize these challenges, drawing on established models such as the Technology Acceptance Model (TAM), the Diffusion of Innovation (DOI) theory, the Resource-Based View (RBV), and Systems Theory (ST). These frameworks help explain the complex interplay between organizational readiness, resource availability, and external pressures that influence technology adoption behaviors. The study concludes that overcoming these barriers requires a multifaceted policy approach. By leveraging the insights from the reviewed theories, policymakers can design more targeted interventions to enhance MSME competitiveness, promote innovation, and facilitate effective technology integration. Ultimately, the study provides valuable recommendations for fostering resilience and sustainable growth among Malaysian MSMEs through strategic technological support. Jrad (2023) investigates the determinants of loan collateral requirements for small and medium-sized enterprises (SMEs) in Lebanon, an emerging market with a small and open economy. The study highlights that, while collateral traditionally serves to secure bank loans, its application in practice is shaped by a variety of socio-economic factors, particularly in developing economies where SMEs are more vulnerable to financial constraints. Drawing on firm-level data sourced from the Lebanese Central Bank and the World Bank for two years—2013 (561 firms) and 2019 (532 firms)—the study utilizes logistic regression analysis to evaluate the factors influencing collateral demands. These factors are categorized into firm characteristics (such as firm age, size, audited financial statements, employee training, private ownership, quality certifications, exposure to corruption, and gender of managers), sector-specific attributes (e.g., manufacturing), loan-related features (notably interest rates), and location-based variables (such as being headquartered in the capital). The results reveal several noteworthy patterns. Older firms tend to face higher collateral requirements, even when their financial statements are audited externally, suggesting that age alone does not reduce perceived risk. Conversely, larger firms and those facing higher interest rates are associated with lower collateral demands, likely due to perceived creditworthiness or different loan structuring strategies. The robustness of these findings across both the 2013 and 2019 datasets indicates consistency and reliability in the practices of the Lebanese banking sector. This study contributes to a nuanced understanding of SME financing in emerging economies, offering important implications for banking policy and credit allocation strategies. By revealing the multifaceted nature of collateral requirements, the research provides valuable guidance to both financial institutions and policymakers seeking to improve SME access to finance in similar market contexts. Odek and Mwenda (2023) examined the relationship between banking services and the performance of Women-Owned Enterprises (WOEs) in Nairobi City County, Kenya. The study is grounded in the context of Sub-Saharan Africa's growing female entrepreneurship rate, with Kenya emerging as a leader. Despite the economic significance of WOEs in generating employment and reducing women's dependency, a significant proportion—approximately 57%—fail to survive beyond their second year, primarily due to limited access to finance (Kenya Institute for Public Policy Research and Analysis, 2021). Anchored on institutional theory, financial inclusion theory, and capital structure theory, the study investigates the effects of agency banking, bank financial services, bank non-financial services, and bank assurance on the performance of WOEs. Employing a descriptive research design and stratified random sampling, the researchers collected data from 262 respondents drawn from a population of 5,339 registered WOEs located in Nairobi's Central Business District, Muthurwa, Kamukunji, and Kariokor markets. Data were gathered using structured questionnaires and interviews, and analyzed through both descriptive (means, standard deviations, frequencies, and percentages) and inferential statistics (multiple regression and correlation analysis). The findings indicate that bank financial services have a significant and positive impact on the performance of WOEs, underlining the importance of access to credit, savings, and other core banking products. However, agency banking and bank non-financial services, such as advisory and training, had an insignificant impact, with non-financial services showing an inverse relationship. Bank assurance services were found to have an insignificant negative effect on performance. The study concludes by recommending that the management of WOEs implement strategies to broaden financial inclusion, particularly through increased participation in savings and credit programs. These findings underscore the need for tailored financial products and policy interventions to support the sustainability and growth of women-owned businesses in Kenya. Okunbanjo *et al.* (2022) examine the influence of macroeconomic environmental factors on small business credit accessibility in Nigeria, recognizing the critical role small businesses play in driving economic growth in developing economies. Despite their importance, small businesses in Nigeria often face significant challenges in securing necessary funding to support their operational objectives. Using a longitudinal research design and secondary data, the study employs robust least squares as the primary statistical method to analyze the relationship between macroeconomic variables and credit access for small businesses. The results reveal that exchange rates do not significantly affect credit accessibility for small businesses. In contrast, lending rates and liquidity ratios are identified as key determinants of small business credit, with both showing significant effects on credit availability. The study concludes that lending rates and liquidity ratios serve as the primary predictors of credit accessibility for small businesses in Nigeria. Based on these findings, the authors recommend that policymakers stabilize the country's foreign exchange market to further enhance economic conditions. Additionally, the Central Bank of Nigeria (CBN) is encouraged to continue maintaining lending rates and liquidity ratios at levels that support small business financing. The study also suggests establishing a regulatory commission or committee to oversee and monitor credit usage among small business operators to ensure that funds are utilized effectively. This research offers valuable insights for policymakers, regulatory authorities, and small business owners, highlighting the importance of monetary policy in improving credit accessibility and supporting small business growth in Nigeria. Endris and Kassegn (2022) conducted a systematic review to examine the contribution of micro, small, and medium-sized enterprises (MSMEs) to sustainable development in Ethiopia, alongside the challenges confronting the sector. Recognizing the outsized role MSMEs can play in achieving the Sustainable Development Goals (SDGs), the review synthesizes evidence from research articles, policy documents, and official reports published between 2011 and 2021. The study utilized comprehensive database searches including ScienceDirect, Google Scholar, ECONBIZ, JSTOR, EBSCO, Web of Science, and Scopus, in addition to grey literature. From an initial pool of 1,270 documents, 87 were selected for in-depth analysis based on predefined inclusion criteria. The findings highlight that MSMEs have made significant contributions to Ethiopia's sustainable development agenda, particularly through job creation, poverty reduction, and improved living standards. Despite their potential, MSMEs face persistent structural and institutional barriers. Key challenges identified include limited access to finance, unreliable electricity supply, and restrictive trade regulations. These constraints hinder the scalability and long-term sustainability of MSMEs. The review underscores the need for comprehensive, evidence-based policy interventions tailored to address these barriers. Moreover, it advocates for more rigorous impact evaluation studies to better understand the role of MSMEs in driving sustainable development outcomes. The study serves as a valuable resource for policymakers, researchers, and development practitioners seeking to optimize the contributions of MSMEs in the Ethiopian context. Shetty and Bhat (2022) presented a conceptual study examining the critical role of Micro, Small, and Medium Enterprises (MSMEs) in the Indian economy. Drawing upon secondary data sourced from the Reserve Bank of India (RBI), annual reports of the Ministry of MSME, peer-reviewed research articles, and official websites, the authors explore both the economic contributions of MSMEs and the internal and external factors influencing their operations through a Strengths, Weaknesses, Opportunities, and Challenges (SWOC) analysis. The findings highlight that MSMEs serve as a major driver of industrialization and economic decentralization in India, contributing approximately 40% to the nation's exports and playing a pivotal role in attracting Foreign Direct Investment (FDI). Notably, during the COVID-19 pandemic, the sector accounted for 30% of the national GDP. The study reports that out of 633.87 lakh enterprises, 630.52 lakh belong to the micro sector, while the small and medium sectors include 3.3 lakh and 0.05 lakh enterprises, respectively. Moreover, a near-equal distribution of enterprises between rural (51%) and urban (49%) areas indicates a balanced growth pattern, with the sector providing employment to over 110 million people—76% male and 24% female. The study underscores the sector's strengths, including its employment-generating capacity and role in regional economic development, while also addressing its limitations and vulnerabilities. It further identifies growth opportunities through initiatives such as Atmanirbhar Bharat and the Production Linked Incentive (PLI) scheme, which aim to enhance global competitiveness and promote India as a global manufacturing hub. This paper offers a valuable macro-level understanding of the performance and strategic positioning of MSMEs in the Indian economy. Okafor et al. (2022) investigated the impact of financial inclusion on the development of micro, small, and medium enterprises (MSMEs) in Nigeria. Employing multiple linear regression analysis, the study aimed to explore the relationship between financial inclusion and MSME growth. To ensure statistical reliability, the researchers applied unit root tests, co-integration tests, and an error correction model. The analysis was based on time-series data obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin covering the period from 1981 to 2019. The findings reveal that financial inclusion exerts a significant and positive influence on the development and operational performance of MSMEs in Nigeria. However, the study also identifies critical barriers, including limited access points, geographical distance to financial institutions, and inadequate infrastructure, which hinder timely and effective access to financial services—particularly for MSMEs in rural and underserved areas. In response to these challenges, the study recommends strategic interventions to improve infrastructure and expand financial access points, especially in remote locations. It advocates the development of a policy roadmap utilizing financial services geospatial mapping to enhance outreach to unbanked populations, thereby fostering greater financial inclusion and MSME development. Johnson *et al.* (2024) explore the economic resilience of small and medium enterprises (SMEs) during financial crises, with a focus on identifying the critical factors that support SME survival and recovery. Using a qualitative methodology, the study investigates several dimensions of SME operations, including financial management, innovation, leadership, government assistance, geographic context, social capital, and contingency planning. The findings indicate that effective financial management, such as cash flow monitoring, debt restructuring, and access to diverse funding sources, is fundamental for sustaining operations during economic downturns. Innovation and adaptability also contribute significantly to resilience, particularly among SMEs that have adopted new technologies and business strategies in response to crisis conditions. Leadership emerged as a decisive factor, with transparent communication and stress management playing key roles in navigating uncertainty. While government support provided critical relief, its effectiveness varied depending on accessibility and the speed of implementation. Geographical location was another influential factor; urban SMEs generally had better access to institutional support and infrastructure, whereas rural SMEs benefited from strong community ties. Additionally, social capital embodied in trusted relationships with customers, suppliers, and local stakeholders was instrumental in maintaining business continuity. The study also underscores the importance of contingency planning and proactive risk management in enhancing resilience. Overall, the research demonstrates that SME resilience is a multifaceted construct shaped by an interplay of financial discipline, innovation capacity, leadership quality, supportive policy environments, geographic context, and robust social networks. The study provides practical implications for SME owners, policymakers, and support institutions, advocating for a holistic strategy to strengthen SME preparedness and sustainability during periods of economic disruption. Ajayi *et al.* (2021) examine the impact of financial inclusion on the development of micro, small, and medium enterprises (MSMEs) in Nigeria. Using multiple linear regression analysis alongside unit root tests, co-integration tests, and an error correction model, the study evaluates the relationship between financial inclusion and MSME performance. The data span from 1981 to 2019 and were obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin. The empirical findings indicate that financial inclusion has a significant and positive effect on the development and operational efficiency of MSMEs in Nigeria. However, key barriers such as limited physical access to financial service points, geographical distance, and inadequate infrastructure continue to impede the effectiveness of financial inclusion initiatives. These challenges are particularly pronounced in rural and underserved areas. Based on these insights, the authors recommend strategic policy interventions to extend financial access points, particularly in rural regions, and to address infrastructure gaps. They propose the adoption of a financial services geospatial map to guide the equitable distribution of financial service outlets and promote broader financial inclusion, thereby fostering MSME growth. Sussan et al. (2017) explored the influence of organizational ambidexterity, specifically, the balance between explorative and exploitative innovation on the performance of small- and medium-sized enterprises (SMEs) in the context of South Korea's high-tech manufacturing sector. Responding to the increasing need for a phenomenon-driven approach to innovation research in the digital era, the authors develop a conceptual 2×2 framework that categorizes firms based on high or low levels of both exploration and exploitation activities. Utilizing a large dataset comprising over 2,800 high-tech manufacturing SMEs, the study empirically tests how different combinations of ambidextrous innovation influence short-term and long-term firm performance. The results validate the proposed hypotheses, revealing that firms with high levels of both explorative and exploitative innovation achieve the strongest long-term growth, while those low in both perform the poorest. Additionally, firms with a greater emphasis on exploitative innovation tend to excel in short-term profitability. The study makes a significant contribution to the literature by demonstrating that varying degrees and combinations of innovation activities yield different performance outcomes. It further provides strategic insights for managers and policymakers, emphasizing the importance of balancing innovation types to sustain competitiveness and adapt to evolving digital environments. Osei et al. (2016) examined the role of government-supported marketing assistance in promoting the growth of small and medium enterprises (SMEs) in Ghana. Acknowledging the significant contribution of SMEs to economic development, the study highlights persistent challenges in marketing, often attributed to a lack of qualified personnel, limited financial resources for market research, and restricted access to international markets and trade fairs. These constraints contribute to high failure rates and hindered growth among SMEs. The study specifically assesses the effectiveness of government interventions aimed at supporting SMEs through marketing assistance, including training for marketing staff, facilitation of access to foreign markets, and support for participation in trade fairs and exhibitions. Using data collected from selected retail SMEs across Ghana's ten regional capitals, the findings reveal that government support for trade shows and exhibition participation has the most significant positive effect on SME growth. This is followed by support for international market access and the training of marketing personnel. The study underscores the critical importance of targeted marketing support initiatives and recommends continued and expanded governmental and donor-backed efforts to bolster SME growth through capacity building and market access facilitation

3. Methodology

This study adopted a descriptive survey design to examine the relationship between access to credit and the performance of Micro, Small, and Medium Enterprises (MSMEs) in Rumokoro, located in Obio/Akpor Local Government Area, Rivers State. The design was chosen because it allows for the collection of primary data from respondents, providing insights into how access to credit influences business performance.

The study was conducted in Diobu mile 3, one of the commercial hub in Port Harcourt Local Local Government Area. The area is known for various business activities, including poultry farming, food processing, agro-product trading, and cybercafé operations. Given its commercial significance, Diobu mile 3 serves as an ideal location to assess the impact of credit accessibility on MSME performance.
The respondents were selected using a stratified random sampling technique, ensuring equal representation from the four major business categories under study. The sample was distributed as follows: poultry farmers (40), food processing industry workers (35), agro-product traders (40), and cybercafé operators (35).

The study utilized primary data, which was collected through a structured questionnaire designed to obtain information on access to credit and its effect on MSME performance. The questionnaire was divided into sections covering demographic data, business type, credit accessibility, and business performance indicators. It was designed using a Likert scale format to facilitate quantitative analysis. To ensure the validity of the instrument, the questionnaire was reviewed by experts in business management and research methodology. A pilot study was conducted with a small subset of respondents to test reliability, and necessary adjustments were made based on feedback. The collected data were analyzed using mean and standard deviation. The mean was used to determine the average responses of the respondents, while the standard deviation measured the extent of variation in their responses. This approach provided a clear understanding of the relationship between access to credit and MSME performance. This methodology ensures a systematic approach to assessing the impact of credit access on MSME performance, providing a reliable foundation for meaningful conclusions and recommendations.

4. Data Analysis and Discussion of Results

Table 1: Respondents Demographic Variables

VARIABLES		NO. OF RESPONDENTS	PERCENTAGE%
Gender	Male	65	43.3
	Female	85	56.7
	Total	150	100
Educational qualification	B.Sc (edu)	75	50
	B.Sc	55	36.7
	M.Sc	20	13.3
	Total	150	100
Marital status	Single	44	29.3
	Married	98	65.3
	Divorce	8	5.3
	Total	150	100

Source: Field Survey, 2024

Table 1 shows that the gender, 43.3% were male while56.7 % were females. On Educational qualification, 50% of the respondents possess a B.Sc (Edu), 36.7% of the respondents possess B.Sc, 13.3% of the respondents have MSc. On marital status 29.3% of the respondents are single, 65.3% of the respondents are married and 5.3% of the respondents are divorced.

2. Answering Research Questions

Research question 1: what is the impact of credit access on MSMEs performance?

Table 2: Assessing the impact of credit access on the performance of MSMEs

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Does access to credit improve the performance of MSMEs?	150	1	4	261	1.74	1.039
Has credit access enabled your business operation to to expand?	150	1	4	258	1.72	.883
Is limited access to credit a primary reason for slow business growth?	150	1	4	285	1.90	.975
Valid N (listwise)	150					

Source: Field Survey, 2024

Table 2 data indicate that MSMEs generally agree that access to credit improves business performance (Mean = 1.74, SD = 1.039) and facilitates business expansion (Mean = 1.72, SD = 0.883), while limited credit access is widely perceived as a key factor hindering business growth (Mean = 1.90, SD = 0.975), with moderate variability in responses.

Research Question 2: What are the factors affecting MSME in obtaining credit?

Table: 3 evaluate the factors affecting MSMEs in obtaining credit.

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Are high interet rate a significant barrier for MSMEs in obtaining credit?	150	1	4	270	1.80	1.023
Does lack of collateral prevent you from accessing credit?	150	1	4	314	2.09	1.077
Does lengthy application processes discourage MSMEs from applying for credit?	150	1	4	276	1.84	.920
Valid N (listwise)	150					

Source: Field Survey, 2024

Table 3 data suggest that MSMEs generally agree that high interest rates (Mean = 1.80, SD = 1.023) and lengthy application processes (Mean = 1.84, SD = 0.920) are significant barriers to obtaining credit, while the lack of collateral (Mean = 2.09, SD = 1.077) is perceived as an even greater challenge, with moderate variability in responses.

Research Question 3: What roles does financial institutions play in facilitating credit access for MSMES?

Table: 4 Examine the role of financial institutions in facilitating credit access for MSMEs.

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Do financial institutions provide sufficient information on credits options for MSMEs?	150	1	4	282	1.88	1.049
Are loans offered by financial institution tailored to meet the specific needs of MSMEs?	150	1	4	314	2.09	1.077
Are financial institutions supportive to work with MSMEs to ease credit acquisition process?	150	1	4	290	1.93	1.041
Valid N (listwise)	150					

Source: Field Survey, 2024

Table 4 data suggest that MSMEs generally perceive financial institutions as providing some information on credit options (Mean = 1.88, SD = 1.049) and offering moderate support in easing the credit acquisition process (Mean = 1.93, SD = 1.041), but there is a stronger concern that loan offerings are not well tailored to meet MSMEs' specific needs (Mean = 2.09, SD = 1.077), with moderate variability in responses.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

In conclusion, access to credit plays a crucial role in the performance and sustainability of micro, small, and medium enterprises (MSMEs). As shown in this review, credit accessibility enables MSMEs to overcome financial constraints, invest in technology, expand operations, and enhance their competitive edge. However, various factors, such as collateral requirements, high-interest rates, and regulatory challenges, continue to hinder MSMEs' access to adequate financing. Addressing these barriers through tailored financial solutions, supportive regulations, and Central Bank initiatives can foster MSME growth. Enhanced credit access will not only support MSMEs but also contribute to economic development, job creation, and poverty reduction.

5.2 Recommendations

Based on the study's findings, the following recommendations were made: Financial Institutions such as commercial banks, microfinance banks, etc. should develop tailored credit solutions specifically designed for MSMEs, with flexible terms and lower collateral requirements, to improve access to financing. Policymakers through the Central Bank of Nigeria should implement measures to reduce interest rates on MSME loans, making credit more affordable and accessible to small businesses. Regulatory Bodies e.g. Central Bank of Nigeria and National Insurance Commission should simplify loan application processes by reducing bureaucratic procedures and ensuring that credit access is more efficient for

MSMEs. Government and Financial Institutions should promote and support the adoption of digital financial platforms and FinTech solutions, enabling MSMEs to access alternative credit sources using non-traditional data. Governments should establish or strengthen credit guarantee programs and provide interest rate subsidies to reduce lending risks for financial institutions, facilitating MSME access to necessary funding.

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