# “Financial literacy and SME loan repayments in South Africa during the COVID-19 era”


| | |
|---|---|
| **AUTHORS** | Thabiso Sthembiso Msomi<br>Smangele Nzama |



| | |
|---|---|
| **ARTICLE INFO** | Thabiso Sthembiso Msomi and Smangele Nzama (2022). Financial literacy and SME loan repayments in South Africa during the COVID-19 era. *Investment Management and Financial Innovations*, *19*(4), 113-121. doi:10.21511/imfi.19(4).2022.09 |
| **DOI** | http://dx.doi.org/10.21511/imfi.19(4).2022.09 |
| **RELEASED ON** | Friday, 04 November 2022 |
| **RECEIVED ON** | Friday, 12 August 2022 |
| **ACCEPTED ON** | Wednesday, 05 October 2022 |





| | |
|---|---|
| **JOURNAL** | "Investment Management and Financial Innovations" |
| **ISSN PRINT** | 1810-4967 |
| **ISSN ONLINE** | 1812-9358 |
| **PUBLISHER** | LLC “Consulting Publishing Company “Business Perspectives” |
| **FOUNDER** | LLC “Consulting Publishing Company “Business Perspectives” |

| NUMBER OF REFERENCES | NUMBER OF FIGURES | NUMBER OF TABLES |
|---|---|---|
| 40 | 1 | 3 |

BUSINESS PERSPECTIVES

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sumy, 40022, Ukraine
www.businessperspectives.org

**Thabiso Sthembiso Msomi** (South Africa), **Smangele Nzama** (South Africa)

# FINANCIAL LITERACY AND SME LOAN REPAYMENTS IN SOUTH AFRICA DURING THE COVID-19 ERA

## Abstract

Small and medium-sized enterprises (SMEs) are the primary victims of the COVID-19 outbreak because they lack adequate resources and are poorly prepared for such interruptions. For SMEs to expand, they need financial assistance such as loans and advances from financial service providers. However, they struggle to repay these loans and advances because they are small in size and do not make large turnovers, and owners lack adequate financial literacy. This study aims to investigate the relationship between financial literacy and loan repayment of SMEs. The study followed a positivist paradigm, and a quantitative approach was employed. A total of 110 self-completed Likert questionnaires were distributed, only 107 were filled correctly and analyzed using SPSS. The results from Pearson's correlation coefficient showed a strong and significant relationship between financial literacy and SME loan repayments at $r = 0.324$, $P < 0.0005$. Regression analysis showed a significant linear relationship between financial literacy and SME loans repayments, $F(1.152) = 17.806$; $P < 0.0005$. $P < 0.0005$ is less than the independent variable (SME loans repayments), $B = 0.324$, $P < 0.0005$. The results imply that if SME owners are well-versed in finance, they will be capable of repaying outstanding loans and advances timely.

**Keywords** finance, financial knowledge, borrowings, interest rate, payment periods, pandemic

**JEL Classification** I22, L25, O42

**Received on:** 12th of August, 2022
**Accepted on:** 5th of October, 2022
**Published on:** 4th of November, 2022



Thabiso Sthembiso Msomi, Lecturer, Department of Management Accounting, Faculty of Accounting and Informatics, Durban University of Technology, South Africa.

Smangele Nzama, Lecturer, Department of Financial Accounting, Faculty of Accounting and Informatics, Durban University of Technology, South Africa. (Corresponding author)



**Conflict of interest statement:**
Author(s) reported no conflict of interest

## INTRODUCTION

Small and medium-sized enterprises (SMEs) have long been a source of worry for a variety of stakeholders, including governments, industrialists, non-governmental organizations (NGOs), financial institutions, and venture capital firms in a variety of nations (Amadasun & Mutezo, 2022). The functioning of these firms is a major source of worry for the governments and economic regulators in both industrialized and underdeveloped nations alike (Akinsola & Ikhide, 2019). The financial viability of SMEs determines whether or not they will succeed in the long run (Schwab, Gold, & Reiner, 2019). These small enterprises play a significant role in giving employment to unemployed and in contributing significantly to the economic prosperity of the nation (Musara & Nieuwenhuizen, 2021). SMEs need money for company start-up, improvement, and expansion; however, a scarcity of capital hinders the expansion of SMEs (Akinsola & Ikhide, 2019). The preponderance of SMEs is unable to acquire loans from financial institutions because they have so little financial acumen, collateral, and credit history (Tala, 2021).

The majority of SMEs lack corporate training and managerial skills, finding it challenging to manage funds received for corporate operations such as obtaining raw materials and components as well as investing in tools and machinery (Mutamimah et al., 2021). The necessity of financial literacy among small business management in ensuring the sustainability of their enterprises, particularly in resolving ongoing and prospective difficulties, has been frequently emphasized in the business community (Disse & Sommer, 2020). In the fiscal decision-making cycle, financial literacy alludes to a manager's ability to handle funds efficacious and efficient manner (Amadasun & Mutezo, 2022).

The global epidemic has presented a slew of challenges to businesses, and how they respond to these challenges will determine how long they can withstand the crisis and how likely they are to emerge from it alive. To keep their businesses functioning efficiently while adjusting to the changes brought about by this monstrous sickness known as COVID-19, SMEs have been driven to depend heavily on their loan obligations (Dhewanto et al., 2020). Small and medium-sized enterprises (SMEs) were able to maintain their operations throughout the COVID-19 period because of these loans (Lu et al., 2020).

Although SMEs depend on these loans for their survival and long-term viability, they seem to be struggling to pay back these loans (Akinsola & Ikhide, 2019). The default risk of SMEs has been continuously increasing, and their loan repayment has stalled (Boushnak, 2018). In addition to having implications for the operating and long-term survivability of Microfinance Institutions (MFIs), this trend has implications for the functioning and long-term sustainability of other financial institutions (Amadasun & Mutezo, 2022). It also poses a danger to the development of these financial institutions since they may be unable to issue loans, and if the problem continues, they may be unable to earn enough revenue for operational capital, and they may finally go out of business (Boushnak, 2018). The ability to comprehend how financial literacy affects loan repayment is crucial for those in the banking and financial regulation industries, as well as for managers, investors, and researchers.

## 1. LITERATURE REVIEW

Financial literacy refers to the capacity to receive funds from external sources at a low cost as well as with a low payback requirement. Duarte et al. (2018) discovered that the majority of small entrepreneurs are financially uneducated. Monetary policy, capital structure, and business ownership are all tightly related, according to Caglio et al. (2021). According to Duarte et al. (2018), organizations whose financial demands surpass their internal resources may be unable to explore prospective development prospects. Small businesses usually face specific financial distress as a result of a shortage of financing. SMEs are frequently controlled by the people who founded them, and available money is constrained to stock markets, making it difficult for owners to create revenue reserves in the early stages of their existence if the owner-managers appear to be to endure. In such a challenging situation, how can small firms choose sources of financing? In Sri Lanka, Mutantabowa (2018) looked at small-scale enterprises and their financial challenges. The research study emphasized that SMEs in Sri Lanka's small-scale industry have a tough time obtaining foreign financing since their cash inflow and savings are so minimal. As a result, funding for the establishment of SMEs in the small-scale industry is not a high priority for financial services and non-bank financial organizations in Sri Lanka. Since it is vital to train small and medium-sized business entrepreneurs to reduce lender risk, several banks have designed a series of training programs in partnership with SME companies and the government. For example, NatWest delivered seminars to startups in partnership with the Federation of Small Businesses and community education experts, and those who completed training appeared to be qualifying for record low-interest rates. Enhancing business owners' managerial skills and financial literacy would enhance their access to capital and loan payback rates dramatically.

According to Kiptum (2019), finance is by far the toughest obstacle for SMEs in the United States. The cost of external financing is higher than the cost of internal financing (Amadasun & Mutezo,



http://dx.doi.org/10.21511/imfi.19(4).2022.09

2022). In comparison to their bigger counterparts, SMEs depend on bank loans leading to a lack of access to external financing (private placements and initial public offers of varied sizes). Issues that have deterred banks from loans and advances to SMEs are enumerated by Kigwa (2020) as follows:

- incorrectly kept records and accounts;
- deficiency of technical and managerial abilities;
- outdated technologies;
- insufficient competence and connections;
- inadequate collateral;
- scarcity of market outlets as a result of low-quality and non-standardized items;
- lack business connections and understanding.

Microfinance in South Africa is among the biggest and most flourishing in Africa, according to Bateman (2019), although it is plagued by loan payback issues. The capacity of a borrower to service his or her debt properly whenever loan installments are payable is referred to as loan repayment. According to Salifu et al. (2018), loan payback entails the total number of loans paid before the deadline specified in the loan agreement, with loan repayment procedures varying according to the degree of lateness. According to Musti and Mallum, (2020), loan repayment is commonly quantified in terms of a categorical variable depending on an arbitrary definition of what constitutes timely payback. Borrowers are often obliged to return their loans in periodic installments immediately following loan disbursements, according to Muhammad et al. (2019). Delinquency refers to a late payment, whereas default refers to a payback that is not made (Gaitho, 2013). Unfavorable conditions that influence the borrower's capacity to repay the loan on schedule may result in loan default on borrowed cash. Loan repayment delays led to the non-refinancing of a considerable percentage of creditworthy clients, as well as the lending institution collecting late payments, which increased the loan officer's job without compensating resources (Mukono, 2015). Owing to the failure of certain borrowers to return their loans, other borrowers will be enticed to do so as well, even negotiating with the institution to have the remaining portion of the debt forgiven (Ssekiziyivu et al., 2018).

In order for a functioning financial system to function properly, there must be a desire to reimburse in the financial market. According to Baidoo et al. (2020), most borrowers default because loan repayments are not third-party enforced, and lenders cannot financially issue credit contracts. Financial institutions' financial strength is harmed by loan repayment issues because they obstruct their objectives while placing their money at risk. Furthermore, low payback rates harm SMEs' relationships with financial institutions and render them uninterested in additional financial transactions. Financial institutions should use debt recovery techniques to alleviate the loan payback difficulty. Loan recovery is one of the financial organizations' main goals, since it allows them to refinance and reach out to more individuals (Ciampi et al., 2020). To remain relevant in the financial industry, banks must be capable of lending and collecting funds in order to have a positive impact on a country's economy. For a financial institution, loan recovery is a strategic activity. Financial institutions also track borrowers to ensure that they are using the loans for the intended objectives and that they can repay them (Didier et al., 2021).

Barua and Sane (2014) assessed the effect of an obligatory financial education program on female SME owners from urban microfinance institutions (MFI) based in Mumbai, India. The researcher took advantage of differences in the scheduling of the financial literacy course among branches to determine whether or not there was an increase in loan payment behavior. It was revealed that financial literacy reduced the total length of time required to complete debt payments as well as the number of periods wherein the installment was overdue.

A study conducted by Anshika and Singla (2022) discovered that financial knowledge was significantly linked to the financial success of a company. The investigation was conducted using a descriptive survey questionnaire approach. The data were analyzed using descriptive statistics and ba-

Source: Author's design (2022).

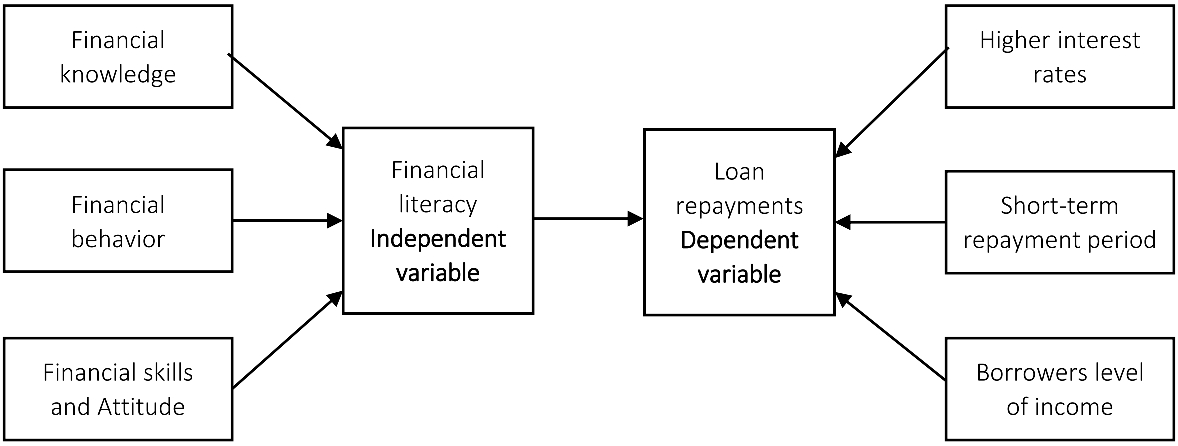


**Figure 1.** Conceptual framework

sic regression analysis. Startups exhibited insufficient financial literacy, according to the survey, as seen by a lack of financial records, profit, and loss tracking, and cash handling techniques. Vendors were also prohibited from obtaining high-interest loans. Unfortunately, the survey did not provide specific information about the influence of financial education on these SMEs.

Chong (2010) investigated the credit management of micro-enterprises in East Malaysia using a descriptive research design. The research used a combination of simple random and snowballing procedures to reach a sample size of 120 SMEs. The study's findings, which used a regression model, found that approximately 59% of participants are unable to pay their bills within the stipulated period in their agreement with the financial service provider. Respondent's education level had a substantial forecasting accuracy on their credit management methods. Better credit management is associated with a greater degree of education. Furthermore, it was shown that there was a considerable difference in credit management among men and women. Conversely, a greater monthly total liability was shown to be connected with a higher rate of loan defaults. Oladebo and Oladeebo (2018) investigated the factors that influence loan repayment amongst agricultural producers in Nigeria's Ogbomoso Agricultural Zone. The findings from multiple regression analysis revealed that the number of loans taken out by farmers, their length of service with credit, and their degree of education all had a beneficial impact on loan payback.

Despite numerous efforts to promote the growth of SMEs, Mabhanda (2016) examined the impact of financial ignorance on SMEs. Respondents for this particular study were carefully picked in accordance with the qualitative research technique used in the data analysis. The researcher used document analysis, open-ended questionnaires, and face-to-face interviews as part of a qualitative research strategy. The study highlighted that a lack of financial literacy is associated with poor managerial abilities, poor budgeting skills, a lack of business understanding, poor decisions, and a lack of non-business behavior. The survey found that entrepreneurs had a poor degree of financial literacy, which has far implications for the operation of their businesses. SME conditions in Zimbabwe have deteriorated as a result of these reasons. The paper recommends that the authorities, businesses, financial institutions, monetary assistance organizations, and individuals implement financial education initiatives to reinvigorate and strengthen the resilience of SMEs.

Considering all of these empirical research studies, it is clear that no relationship has been established between financial literacy and SME loan repayment. Hence, there is a need for this paper.

This research study is crucial for SMEs because Covid-19 mostly affected them. SMEs were unable to generate money during the pandemic, which may have resulted in loan repayment delays. Based on the literature, there is little infor-



http://dx.doi.org/10.21511/imfi.19(4).2022.09

mation about how financial literacy can assist SMEs in repaying their loans on time. The purpose of this study is to evaluate the relationship between financial literacy and SME loan repayments and thus add to the body of knowledge.

The hypothesis of the study is:

$H_0$: *Financial literacy does not influence SME loan repayments during the Covid-19 era.*

$H_1$: *Financial literacy influences SME loan repayment during the Covid-19 era.*

## 2. METHODS

The quantitative approach was used in this study to evaluate the association between financial literacy and loan repayments. The positivist paradigm was employed to create a quantitative research approach. The quantitative portion of the study was predicated on data received through a 5-point Likert scale survey. A total of 110 surveys were given to every one of the SMEs that were inspected. To evaluate the objectives of this research study, the participants were SME owners. Respondents completed 107 surveys, which the investigator collected. This is excellent as it reflects a reply rate of 97 percent, even though a small percentage of surveys were only partly filled owing to participants' time restraints. For the survey, Likert scale questions were employed. The usage of primary data was the method of data gathering instruments. After that, the data were compiled, coded, and placed into a computer for processing using the SPSS 20.0 software.

## 3. RESULTS AND DISCUSSION

### 3.1. Loan repayment

The background and loan repayment information of the SMEs were examined (see Table 1).

**Table 1.** Loan repayment information

| Item | Description | Frequency | Percent |
|---|---|---|---|
| Source of finance | Informal borrowings | 10 | 9% |
| | Internal savings | 38 | 36% |
| | Formal borrowings | 59 | 55% |
| Number of times the SME owners borrow money | None | 54 | 50% |
| | Once | 27 | 25% |
| | Twice | 18 | 17% |
| | Three times | 5 | 5% |
| | More than three times | 3 | 3% |
| Total borrowed | R1000 to R10000 | 15 | 14% |
| | R11000 to R20000 | 24 | 22% |
| | R21000 to R30000 | 33 | 31% |
| | R31000 and over | 35 | 33% |
| Loan Repayment Failure | Yes | 92 | 86% |
| | No | 15 | 14% |
| If yes, what were the reasons for defaulting | Influence by group members not to repay | 15 | 14% |
| | Poor management of loans due to lack of training | 31 | 29% |
| | Market failure due to lack of prior market survey | 30 | 28% |
| | Unavailability of funds due to low liquidity of the enterprise | 18 | 17% |
| | Failure due to other reasons not mentioned above | 13 | 12% |
| How was your loan finally repaid? | Loan repaid by a group member | 18 | 17% |
| | Group members auctioned my asset to recover the loan | 42 | 39% |
| | Personal savings | 9 | 8% |
| | Insurance | 5 | 5% |
| | The loan was written off | 3 | 3% |
| | The loan is still outstanding. | 30 | 28% |

A majority of the respondents indicated that they obtain their funding using formal borrowings such as mortgage bonds, long-term, etc. According to Nguyen and Canh (2021), formal funding refers to financing capital obtained from banks and other formal financial institutions. The study found that 50% of SME owners have never borrowed a loan from a financial services institution while the other 50% have borrowed at least once. The highest total borrowed by these small businesses amounted to R31,000 and/or more. The study further discovered that more than 80% of these businesses failed to repay the loan they took out. Many indicated that this was due to a lack of training and poor management of these loans. In order to repay the loan, 39% of studied small businesses had to auction their assets.

## 3.2. Pearson's correlation coefficient analysis of financial literacy and SME loan repayments

Table 2 showcases the outcome of the Pearson's correlation coefficient undertaken to ascertain the link between financial literacy and small and medium-sized firm loan repayments.

**Table 2.** Correlation between financial literacy and SME loan repayments

| Construct A | Construct B | Pearson's correlation I | p-value |
|---|---|---|---|
| Financial literacy | SME loans repayments | 0.324** | <.0005 |

The results of the Pearson's correlation coefficient illustrated in Table 2, establish a statistically significant relationship between financial literacy and SME loan repayments ($r = 0.324$, $P < 0.0005$. The positive correlation indicates a direct relationship between the two constructs.

The findings are consistent with research on financial literacy and loan repayments, which found that customers with knowledge about finances had no difficulties with loan repayments, but many customers without knowledge about finances had difficulties when repaying their loans (Njoroge, 2018). In Ghana, Baidoo et al.'s (2020) findings show that financial literacy, as well as loan repayment, have a favorable and substantial association. This indicates that improving financial literacy boosts loan payback rates, ensuring the banking institutions' long-term viability. Borrowers' educational levels are also proven to possess a significant effect on loan repayment (Jote, 2018).

## 3.3. Regression analysis of financial literacy and SME loan repayments

A regression analysis was further conducted to establish the level of influence between the two constructs. The result of the linear regression is shown in Table 3.

The results of regression analysis summarized in Table 3, indicate an $R^2$ value of .105, which suggests that financial literacy accounts for 10.5% of the variance in SME loan repayments. The $R^2$ value indicates how much of the total variation of the dependent variable (SME loan repayments) can be explained by the independent variable (financial literacy). In this case, there is significant linear relationship between financial literacy and SME loans repayments, $F(1.152) = 17.806$; $P < 0.0005$. $P < 0.0005$ is less than the independent variable (SME loans repayments), $B = 0.324$, $P < 0.0005$.

Based on the findings a majority of SMEs revealed that their main source of funding is informal borrowings. According to Kauffmann (2005), Africa's SMEs have limited access to capital, which makes it difficult for them to start and grow. Retained revenues and informal savings and loan associations are their primary sources of financing. Following a thorough examination of the literature, the investigators devised a conceptual framework and hypotheses to serve as the study's foundation. According to the research, financial knowledge has a beneficial effect on SME loan repayments. Moreover, SME owners with financial knowledge have no problem paying off their loans.

The favorable impact of financial literacy on SME loan repayment is similar to the findings of Wise (2013) who discovered that SME owners with financial literacy often produce financial statements and they are likely to repay their loans. Financial literacy has a big and favorable impact on lending availability. This demonstrates that improved commercial bank lending terms led to higher formal credit access (Nkundabanyanga *et al.* 2014). According to Mutegi et al. (2015), bookkeeping skills, credit management knowledge, budgeting skills, and financial analysis skills have a significant impact on SMEs' capacity to pay loans. The study's findings suggest that SMEs with little or no financial literacy training enroll in relevant initi-

**Table 3.** Linear regression

| Variables in the equation | B | Beta | t | p-value | $R^2$ | F | Df | p-value |
|---|---|---|---|---|---|---|---|---|
| Constant | 43.563 | | 14.839 | <.0005 | .105 | 17.806 | 1; 152 | <.0005 |
| financial literacy | .026 | .324 | 4.220 | <.0005 | | | | |

*Note*: a. DV – SME loans repayments, b. Predictor – financial literacy



http://dx.doi.org/10.21511/imfi.19(4).2022.09

atives to improve their capabilities. More such interventions are necessary to reach a large number of SMEs in an attempt to optimize credit management, loan repayment, financial statement interpretation as a result of financial analysis abilities, and decision-making on opportunities and risk management.

The major hindrance to SMEs' quick growth is a shortage of both loan and equity capital. SMEs have limited access to financial markets due to their size and type of operations. As a result, firms must rely on bank loans as well as earnings reinvested in operations and growth (Asakania, 2016).

## CONCLUSION

The purpose of this study is to evaluate the relationship between financial literacy and SME loan repayments during the Covid-19 era in South Africa. SMEs are small in size and struggle to obtain funds from financial institutions. When they are able to obtain funds, they struggle to repay them on time due to numerous reasons such as low turnovers. This study discovered a direct and significant relationship between financial literacy and SME loan repayments. According to academics and financial experts, having financial knowledge is a key to financial stability. The results obtained from this study indicated that lack of financial knowledge has an impact on the ability of SMEs to repay loans.

The following suggestions were made by the researchers as a consequence of the findings of this investigation. Premised on the positive and statistically significant correlation between financing skills and loan repayment, it is strongly advised that SME owners endure business financing coaching so that they can enhance their understanding of the funding sources, how to efficaciously access credit, and negotiate for better loan agreements, which may include interest rate diminution and repayment period, among other things. Additionally, they may get expertise on how to construct a business plan to serve as a guide for their company's operations and growth. It is advised that small and medium-sized business owners deposit their daily receipts into a bank account as well as invest the cash balance remaining in their bank account. Moreover, rather than relying only on microfinance and banking institutions, SME owners have different choices for obtaining financing.

Further investigation might be carried out to see if some other elements may influence loan repayment. Furthermore, the focus of this study was mostly on SMEs in South Africa. To achieve a similar conclusion, further research on small and medium-sized enterprises in other nations should be carried out. As a result, further research is required to determine if the study results are correct.

## AUTHOR CONTRIBUTIONS

Conceptualization: Smangele Nzama.
Data curation: Thabiso Sthembiso Msomi.
Formal analysis: Thabiso Sthembiso Msomi.
Investigation: Smangele Nzama.
Methodology: Thabiso Sthembiso Msomi.
Software: Thabiso Sthembiso Msomi.
Supervision: Thabiso Sthembiso Msomi.
Validation: Smangele Nzama.
Writing – original draft: Thabiso Sthembiso Msomi.
Writing – review & editing: Smangele Nzama.

# REFERENCES


1. Akinsola, F., & Ikhide, S. (2019). Bank lending to small and medium scale enterprises (SMEs) and business cycle in South Africa after the global financial crisis. *The Journal of Developing Areas, 53*(1). http://dx.doi.org/10.1353/jda.2019.0005
2. Amadasun, D. O., & Mutezo, A. (2022). Effect of market-driven strategies on the competitive growth of SMEs in Lesotho. *Journal of Innovation and Entrepreneurship, 11*(1), 1-17.
3. Anshika, A., & Singla, A. (2022). Financial literacy of entrepreneurs: a systematic review. *Managerial Finance*. https://doi.org/10.1108/MF-06-2021-0260
4. Asakania, F. M. (2016). Influence of financial literacy on performance of small and medium enterprises: A case of Butere sub county Kakamega county Kenya. *Africa International Journal of Management Education and Governance (AIJMEG), 1*(2), 33-43.
5. Baidoo, S. T., Yusif, H., & Ayesu, E. K. (2020). Improving loan repayment in Ghana: Does financial literacy matter? *Cogent Economics & Finance, 8*(1), 1787693. https://doi.org/10.1080/23322039.2020.1787693
6. Bateman, M. (2019). The rise of microcredit 'control fraud' in post-apartheid South Africa: from state-enforced to market-driven exploitation of the black community. *Review of African Political Economy, 46*(161), 387-414. https://doi.org/10.1080/03056244.2018.1546429
7. Boushnak, E. (2018). Factors influencing credit decision for lending SMEs: A case study on National Bank of Egypt. *Open Access Library Journal, 5*(11), 1. https://doi.org/10.4236/oalib.1104996
8. Caglio, C.R., Darst, R.M. and Kalemli-Özcan, Ș. (2021). *Risk-taking and monetary policy transmission: Evidence from loans to SMEs and large firms* (No. w28685). National Bureau of Economic Research.
9. Chepngetich, P. (2016). Effect of financial literacy and performance SMEs. Evidence from Kenya. *American Based Research Journal, 5*(11), 26-35.
10. Ciampi, F., Cillo, V., & Fiano, F. (2020). Combining Kohonen maps and prior payment behavior for small enterprise default prediction. *Small Business Economics, 54*(4), 1007-1039. Retrieved from https://ideas.repec.org/a/kap/sbusec/v54y2020i4d10.1007_s11187-018-0117-2.html
11. Dhewanto, W., Nazmuzzaman, E., & Fauzan, T. R. (2020). September. Cross-countries' policies comparison of supporting small and medium-sized enterprises during the covid-19 pandemic. In *Proceedings of the European Conference on Innovation and Entrepreneurship, ECIE* (pp. 218-225).
12. Didier, T., Huneeus, F., Larrain, M., & Schmukler, S. L. (2021). Financing firms in hibernation during the COVID-19 pandemic. *Journal of Financial Stability, 53*, 100837. https://doi.org/10.1016/j.jfs.2020.100837
13. Disse, S., & Sommer, C. (2020). *Digitalization and its impact on SME finance in Sub-Saharan Africa: Reviewing the hype and actual developments* (Discussion Paper No. 4/2020).
14. Duarte, F. D., Gama, A. P. M., & Gulamhussen, M. A. (2018). Defaults in bank loans to SMEs during the financial crisis. *Small Business Economics, 51*(3), 591-608.
15. Gaitho, N. W. (2013). Role of credit reference bureaus on credit access in Kenya: A survey of commercial banks in Kenya. *European Scientific Journal, 9*(13).
16. Glaser, M., & Walther, T. (2014). *Run, walk, or buy? Financial literacy, dual-process theory, and investment behavior.* Retrieved from http://dx.doi.org/10.2139/ssrn.2167270
17. Jote, G. G. (2018). Determinants of loan repayment: the case of microfinance institutions in Gedeo Zone, SNNPRS, Ethiopia. *Universal Journal of Accounting and Finance, 6*(3), 108-122. http://dx.doi.org/10.13189/ujaf.2018.060303
18. Kauffmann, C. (2005). Financing SMEs in Africa.
19. Kigwa, N. (2020). *Micro credit finance and financial performance of small and medium enterprises in Nyamira town, Kenya* (Doctoral dissertation, MMUST).
20. Kiptum, A. K. (2019). *Effect of financial skills on loan repayment: a case of micro and small enterprises in Elgeyo Marakwet County, Kenya* (Doctoral dissertation). Egerton University.
21. Kitomo, D., Likwachala, R., & Swai, C. (2021). Financial Management Practices Among Micro Enterprises and their Implications for Loan Repayment: A Case of Solidarity Group Lending of DCB Commercial Bank in Dar es Salaam. *International Journal of Economics and Finance, 12*(12), 122-122. http://dx.doi.org/10.5539/ijef.v12n12p122
22. Lu, Y., Wu, J., Peng, J., & Lu, L. (2020). The perceived impact of the Covid-19 epidemic: evidence from a sample of 4807 SMEs in Sichuan Province, China. *Environmental Hazards, 19*(4), 323-340. http://dx.doi.org/10.1080/17477891.2020.1763902
23. Muhammad, I. B., Bambale, A. J. A., Ibrahim, M. A., & Sulaiman, S. A. (2019). Loan characteristics, loan repayment, and performance of small and medium enterprises in Kano metropolitan: A mediating model. *Journal of Finance, Accounting and Management, 10*(1), 43-56.
24. Mukono, A. (2015). *Determinants of loan repayment by small and medium enterprises in Nairobi County, Kenya*. University of Nairobi.




http://dx.doi.org/10.21511/imfi.19(4).2022.09

25. Musara, M., & Nieuwenhuizen, C. (2021). Motivations and unique challenges of successful foreign-owned small and medium enterprises in South Africa. *Development Southern Africa, 38*(6), 967-984. https://doi.org/10.1080/0376835X.2021.1913998

26. Musti, B. M., & Mallum, A. (2020). The impact of loan repayment of microfinance banks on the performance of SMEs in Adamawa State. *Journal DOI, 6*(7). Retrieved from https://www.ijaar.org/articles/v6n7/sms/ijaar-sms-v6n7-jul20-p16.pdf

27. Mutamimah, M., Tholib, M., & Robiyanto, R. (2021). Corporate governance, credit risk, and financial literacy for Small Medium Enterprise in Indonesia. *Business: Theory and Practice, 22*(2), 406-413. https://doi.org/10.3846/btp.2021.13063

28. Mutantabowa, B. (2018). *The impact of financial literacy on the success and profitability (performance) of small and medium enterprises in Lusaka central business district* (Doctoral dissertation). Cavendish University.

29. Mutegi, H. K., Njeru, P. W., & Ongesa, N. T. (2015). Financial literacy and its impact on loan repayment by small and medium entrepreneurs. *International Journal of Economics, Commerce and Management, 3*(3), 1-28. http://ijecm.co.uk/wp-content/uploads/2015/03/3355.pdf

30. Njoroge, N. R. (2018). *Joint liability and group loan performance among micro finance institutions: a case of Nyandarua county, Kenya* (Doctoral dissertation). Kenyatta University.

31. Nguyen, B., & Canh, N. P. (2021). Formal and informal financing decisions of small businesses. *Small Business Economics, 57*(3), 1545-1567. Retrieved from https://ideas.repec.org/a/kap/sbusec/v57y2021i3d10.1007_s11187-020-00361-9.html

32. Nkundabanyanga, S. K., Kasozi, D., Nalukenge, I., & Tauringana, V. (2014). Lending terms, financial literacy, and formal credit accessibility. *International Journal of Social Economics*. http://dx.doi.org/10.1108/IJSE-03-2013-0075

33. Paley, J., Cheyne, H., Dalgleish, L., Duncan, E. A., & Niven, C. A. (2007). Nursing's ways of knowing and dual process theories of cognition. *Journal of Advanced Nursing, 60*(6), 692-701. https://doi.org/10.1111/j.1365-2648.2007.04478.x

34. Ripain, N., Amirul, S. M., & Mail, R. (2017). Financial literacy and SMEs' potential entrepreneurs: The case of Malaysia. *Journal of Administrative and Business Studies, 3*(2), 60-68. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3744834

35. Salifu, A. T., Tofik-Abu, Z., Rahman, M. A., & Sualihu, M. A. (2018). Determinants of loan repayment performance of small and medium enterprises (SMEs) in Ghana: The case of Asante Akyem Rural Bank. *Journal of African Business, 19*(2), 279-296. https://doi.org/10.1080/15228916.2018.1440460

36. Schwab, L., Gold, S., & Reiner, G. (2019). Exploring financial sustainability of SMEs during periods of production growth: A simulation study. *International Journal of Production Economics, 212,* 8-18.

37. Ssekiziyivu, B., Bananuka, J., Nabeta, I. N., & Tumwebaze, Z. (2018). Borrowers characteristics, credit terms and loan repayment performance among clients of microfinance institutions (MFIs): Evidence from rural Uganda. *Journal of Economics and International Finance, 10*(1), 1-10. http://dx.doi.org/10.5897/JEIF2017.0848

38. Tala, L. (2021). South Africa's Lending Infrastructure: Does it Facilitate or Constrain Access to Credit Finance by Small and Medium Enterprises (SMEs)? *Journal of Public Administration, 56*(2), 276-287.

39. Wise, S. (2013). The Impact of Financial Literacy on New Venture Survival. *International Journal of Business and Management, 8*(23). http://dx.doi.org/10.5539/ijbm.v8n23p30

40. Ye, J., & Kulathunga, K. (2019). How does financial literacy promote sustainability in SMEs? A developing country perspective. *Sustainability, 11*(10), 2990. https://doi.org/10.3390/su11102990