Frontiers in Health Informatics
ISSN-Online: 2676-7104
www.healthinformaticsjournal.com
2024; Vol 13: Issue 7
Open Access

Participation of Informal Credit Schemes to Finance Generation among Market Players in Gonzaga Cagayan

Bert O. Bermudez and Jay F. Omotoy
Cagayan State University-Gonzaga Campus

Cite this paper as: Bert O. Bermudez , Jay F. Omotoy (2024). Participation of Informal Credit Schemes to Finance Generation among Market Players in Gonzaga Cagayan. *Frontiers in Health Informatics*, *13 (7) 1101-1120*

Abstract

Introduction: *This study explores the contributions that informal credit provides to the financial needs of market vendors in Gonzaga, Cagayan Philippines. The study examines preferences, financial behaviors, and demographic characteristics through an analysis of 53 market sellers which offers comprehensive insights into the participation and effects of informal credit*

Methodology: *In examining market participants' financial decisions, educational backgrounds, and diversity of demographics, with a particular emphasis on how informal credit contributes to their financing activities, surveys and correlation analyses were used.*

Results and Discussion: *Based on data gathered and analysis, informal credit is a major contributor to financial generation and stability. It provides working capital and startup financing, which is especially important for businesses that have been in start-up operation. It also highlights how flexible informal credit mechanisms are which enabling market vendors to react quickly to changing consumer demands. Finally, informal credit is community-centric, building trust and strengthening social networks.*

Conclusion: *The study stresses the special significance of informal credit in financing generation among market vendors, in addition to its function in financial stability. It draws emphasis to how essential informal lending is for supporting entrepreneurship especially in creating jobs, and maintaining the health of the small-scale economy. This study establishes a foundation for a comprehensive knowledge of the function of informal credit in financial ecosystems, that is, offering a factual understanding of the multifaceted connections between market sellers, microbusinesses, and informal credit.*

Keywords *– informal credit, market vendors, finance generation, financial behaviors, startup financing, entrepreneurship*

I. INTRODUCTION

Small-scale entrepreneurship contributes much to the efforts of economic growth, job creation, and poverty reduction within developing countries; this is according to the current studies in this field: "Small-scale entrepreneurship is a mainspring of economic growth, job creation, and poverty reduction in developing countries" (Adjide & Dada, 2023; Krysko, 2022; Shafiu, Manaf & Muslim, 2020). According to the World Bank Group, 2019, the contribution and the potential SMEs make towards economic growth, generation of employment, and reduction of poverty in developing countries is an expression of incomplete access to finance because of a general lack of collateral, credit history, and financial literacy. Additionally, Kafouro et al. (2021) have found that firms in countries with stronger financial and legal institutions are larger and have grown faster, supporting the view of the importance of supporting financial and legal institutions in developing countries. According to Khan et al. (2020), they found the influence of financial development and quality institutions on economic growth to be significant and progressive, more so in well-established countries that have strong institutional structures. Hence, the subtle institutional frameworks are imperative in bringing out the invaluable effects of financial intermediation on economic growth. Within the finance and growth literature, Beck et al. (2014) reiterate that financial intermediation is important. Gazdar & Cherif, (2015) further outlined how a sound legal environment improves the prospects for financial intermediation, which in turn has positive implications on economic prospects. Indeed, the nexus between financial intermediation and economic growth is very well established. Byrska et al. (2019) discussed financial intermediation taking different perspectives and how it impacted economic growth. Moreover, Yakubu et al. (2021) have proved the positive contribution of financial intermediation towards economic growth in Tunisia, whereas Shapoval (2021) did this for Kenya. Moreover, Miba'Am (2018) found a positive long-run effect on economic growth from the real interest rates and financial depth, providing supporting evidence to financial intermediation as a determinant of economic expansion.

Attention to financial inclusion is very important in the reduction of poverty and driving economic development, especially when this is facilitated through microcredit and small-scale financing. Literature has exposed the existence of a positive link between financial inclusion and a reduction in poverty. For example, Erlando et al. (2020) proved with strong evidence that financial inclusion leads to economic growth rates, hence a reduction in poverty. Similarly, Gutiérrez-Romero & Ahamed (2021), highlighted the impact of financial inclusion on poverty reduction when the broader indicators of financial development such as private credit are used. Empirical evidence on the claim about the sizeable reduction in levels of poverty due to financial inclusion was more recently provided by Saha & Qin (2022)

Despite the vital role of MSMEs, formal financial institutions, such as banks and other intermediaries, seldom consider lending to small-scale entrepreneurs because of requirements for a credit history, collateral, and others (Shihadeh et al., 2019;, Hou et al., 2021; Xiang & Worthington, 2017; Bonfim & Dai, 2017; Al-Banna & Nurdany, 2022; Fraser et al., 2015; Silver et al., 2015; Dong & Men, 2014; Anwar et al., 2019; Wu & Wang, 2021; Korolev, 2015; Šori et al., 2020; and Langa & Govender, 2019). Hence, informal credit schemes have also flourished to provide enterprises that cannot get formal financing with a source of funding. Therefore, how to address these barriers and promote greater access to finance among MSMEs becomes an important agenda item for policymakers and researchers who aim to support the growth of small-scale entrepreneurship and ensuing economic benefits.

The presence of small-scale entrepreneurs surely makes an economy thrive in the Philippines. Actually, the Philippines has micro, small, and medium enterprises that account for roughly 99.5% of the total number of business enterprises in the whole country (Laorden et al., 2022). Undoubtedly, it is during the pandemic that has resulted in the sharp decline of demand and revenue for these small entrepreneurs (Shinozaki & Rao, 2021). Small-scale entrepreneurs are right in the middle of reducing poverty and developing the economy through employment creation, income, and adding value. Indeed, start-ups have very positive economic implications, including on the currency exchange rates in the country (Akehira et al., 2022). Local public markets, best known by the name "palengke," have small-scale entrepreneurs who sell their products; hence, they contribute a huge bearing in the economic environment of the Philippines.

These markets provide the essential servicing center for the distribution of goods and services, and at the same time, provide sources of sustainable livelihood for good numbers of people. Resuello (2020) has further supported the fact detailing the importance of palengke as an avenue to address issues on income inequality and contribute to sourcing local revenues that build a resilient local economy in the Philippines.

Furthermore, Karasoy explains in 2021 how remittances had so much to do with the Philippine economy, stipulating that "remittances increase aggregate demand, raise personal consumption, and thereby lead to an increase in income." To this regard, it can be comprehended that such palengke activities, money circulation, and remittances each have serious effects on the economic performance of the country as a whole. Despite the good contributions of market players to local remittances, they were often subjected to problems, specially in financing their merchandises. Mentioned by Santos (2019), it is indeed one of the most common sources of funding their entrepreneurial activities. More so, Linh et al. (2019) highlight the great role informal credit plays in reducing poverty.

While informal credit schemes mean to provide entrepreneurship with the means of accessing capital, it also poses several risks and challenges. Such phenomena include high interest rates, undependable repayment schedules, and a lack of transparency and regulation. Sometimes, being unable to pay on time creates a debt trap for borrowers, which can have greater implications on both their businesses and personal finances. Noticeably, these informal credit systems have their inherent risks and challenges. Among the dominant risks that have been said to prevail are exorbitant interest rates, undependable repayment schedules, and no transparency and regulation. Only adding to the risk of keeping them in a debt cycle if they fail to repay the loans in good time, previously suggested by Lin et al. in 2019. Such situations may have serious consequences and can affect the business and financial quotients of both the investor and the entrepreneurs. Furthermore, Akram et al. (2020) extend this aspect by portraying that although the informal sources provide loans without much hassle and with lesser prerequisites, it also has major issues and problems regarding repayment and transparency. This reliance on informal credit as a substitute for formal lending in rural areas has been supported by Lin et al. (2019), who note that in areas where there is an underdeveloped formal credit market, entrepreneurs usually first turn to informal credit. However, according to Kondratjeva & Chen (2018), research on the impact of informal credit, especially in comparison with formal credit, is relatively an understudied empirical question. This, therefore, brings out the need for further studies in order to have a clearer insight into the effects and risks of various informal credit arrangements.

The figure below explains the conceptual framework of this study.

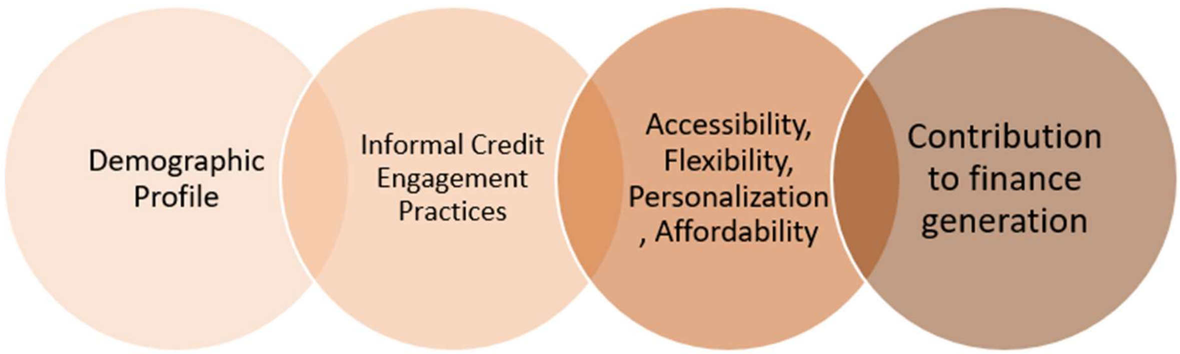

Figure 1: Conceptual Framework

To address these challenges, previous studies have explored the potential of social networks and relationships as a means of providing access to financial resources. As the theory of social capital suggests, the establishment of social networks and relations helps an entrepreneur tap various resources, from information and knowledge to funds. Social capital refers to trust, norms, and networks that, according to literature, play an important role in credit availability. Sometimes, as (Li et al., 2022; and Liu et al., 2020). underline, social capital can improve the economic efficiency and income, hence contributing to credit availability.

More specifically, Tong et al. (2020) underlined the role of trust in improving the degree of cooperation among agents, especially in the case of credit lending. This is in line with Saraf (2020), which was focused on trusting informal credit despite the challenges which have to do with political violence and bad faith. While Cruz-García & Peiró-Palomino(2019), underscore social trust remains a major driver of private credit, therefore showing the role of social capital in accessing credit. This is further confirmed by Sivaraman (2021), which observed the role that social capital plays by facilitating credit transactions within credit networks characterized by trust relationships.

Another underpinning knowledge that would address this issue is the practical need for informal credit. The study of Nguyet, (2014) provides the empirical evidence on some hypotheses pertaining to the accessibility of small and medium enterprises to informal credit. He highlights some, such as:

A solution for coping with seasonal fluctuations
In particular, MSMEs with seasonal demand businesses may want accommodation in their credit arrangements during the low-revenue periods. Hence, due to local attunement, informal credit providers could take care of these fluctuations better.

Seed Capital and Start-up Funding
The very early-stage start-ups and MSMEs will depend entirely on informal credit. The funding through such informal ways can serve practical needs for seed capital or initial funding that will let the business establish itself before it approaches the formal institutions.

Risk Mitigation

For the MSMEs viewed as risky by the formal lenders, the informal credit way can be a way out.

The role of informal credit schemes in supporting "palengke" or market vendors is an area that has not received comprehensive research. In their study, Munishi et al. (2021) were able to demonstrate the challenges that urban street vendors face in their bid to access credit from formal financial institutions, indicating that detailed explanations lack because of limited research in this area. Accordingly, Tran et al. (2016) documented that credit constraints reduce household per capita consumption and informal credit can act substitute to mitigate the negative impacts of formal credit constraints. The above findings suggest that informal credit systems might play an important role in supporting market vendors who are challenged by gaining access to formal credit. Moreover, Tetteh et al. (2021) further emphasized the pressing nature of needs concerning much more rigorous supply-side studies on nontraditional lending, running into the informal forms of credit systems—against the limited accessibility of proprietary data. The indication is that there exists a white space in the current literature on participation and influence that nontraditional lenders could have within the financial landscape of market vendors, possibly including those who are informal credit providers. A model of an informal credit scheme should, therefore, be designed to improve the availability and accessibility of credit to small-scale entrepreneurs.

It is, therefore, this research contributes to the filling of the literature gap of inquiry into the possible design of an appropriate informal credit scheme for small-scale entrepreneurs in Gonzaga Public Market. It attempts to contribute information and insight into the financial needs and problems of small-scale entrepreneurs in the market and the perceptions of and experiences with informal credit. This research will also aid in the building of some extension program that the College of Business Entrepreneurship and Accountancy shall extend to the assistance it offers towards the development of small-scale businesses in the market.

Statement of the Problem

The study generally aims to assess the contribution of informal credit to finance generation among market players in Gonzaga, Cagayan. The study specifically seeks to answer the following questions:

1. What is the profile of the respondents in terms of:

1.1 age

1.2 sex

1.3 marital status

1.4 educational attainment

1.5 number of years operating as market player

1.6 average market capitalization

1.7 average monthly income

1.8 nature of market activity

2. What is the informal credit engagement practices of the respondents' in terms of:

2.1 number of years utilizing informal credit

2.2 amount of loan usually availed

2.3 interest rate

2.4 payment terms and schedule

3. What types of informal credit schemes do respondents frequently utilize?

4. What are the key factors affecting their choice of these schemes?

5. What is the extent of accessibility, affordability, personalization and flexibility of informal credit schemes?

6. What is the extent do the informal credit schemes contribute to the respondents' financial stability and resilience?

7. What is the extent in which informal credit schemes support finance generation?
8. From the perspective of credit scheme debtors, what are the potential risks and challenges associated with engaging in informal credit schemes in Gonzaga, Cagayan,

Hypotheses:

1. Operational Experience and Financial Decisions

Ha1: The number of years operating as a market player has a positive correlation with the amount of loan availed and average market capitalization, meaning that operational experience influences its financial decisions.

2. Educational Attainment and Choice of Credit Schemes

Ha2: The market players with higher educational attainment choose informal credit schemes with low interest rates and better payment terms compared to those with low educational attainment.

3. Accessibility and Affordability

Ha3: A positive relationship between the perceived accessibility and affordability of the informal credit schemes, meaning that the greater the accessibility, the more affordable the schemes are considered to be by those surveyed.

4. Financial Stability and Resilience:

Ha4: A positive correlation between the number of years of using informal credit and the extent to which such schemes contribute toward financial stability and resilience among market players.

5. Finance Generation and Choice of Schemes:

Ha5: Market players will prefer informal credit schemes perceived to highly contribute to the generation of finance over those perceived to contribute little towards generation of finance.

II. METHODS

Research Design

The methodology employed is, therefore, descriptive correlational using the mixed-methods approach in exploring the dynamic function of informal credit in financing generation among market vendors.

Locale of the Study

The public market of Gonzaga represents the locus of this particular research aimed to spotlight market players involved in different market activities within the designated locality.

Respondents and Sampling Technique

The study targeted respondents were drawn through purposive sampling, using criteria that best fit the research objectives. The criteria for selecting the target respondents for this study are as follows: a response will be included in the study only if he/she has used the informal credit facility at least once; have actively participated in market activities for at least three years.

Data Collection Instruments and Procedures

Survey Questionnaires

Structured questionnaires included the collection of quantitative data on the profile of the respondents, forms of applied informal credit schemes, factors that influence their choice, accessibility, affordability, and how informal credit contributes to financial stability and resilience, and risks associated with informal credit schemes.

A five point Likert scale was used to collect data on the extent of use of different credit schemes by the respondents; factors that influence their choice of credit schemes; extent of availability, flexibility, personalization and affordability of credit schemes; extent of contribution of informal credit schemes to financial stability, resilience and finance generations; and risks associated with informal credit schemes.

Analysis of the Data/ Statistical Treatment

Descriptive statistics, involving frequencies and percentages, means, and standard deviations, were applied for the data. Correlation analysis was done explicitly using Spearman's rho since the assumptions required under parametric tests were not met, in trying to prove or disprove research hypotheses with respect to the testing of the correlation between variables.

III. RESULTS

1. Respondents Profile

The respondents exhibit a relatively balanced distribution across various age groups, with a notable prevalence in the 43-54 age range. The majority of them is female (81.1%), married (75.47%). However, the distribution of educational attainment reflects a diverse range of academic backgrounds. Notably, a significant proportion of individuals have completed high school, both at the undergraduate (16.98%) and graduate (24.53%) levels. Additionally, there is substantial representation from those with elementary education, including both undergraduate (24.53%) and graduate (7.55%) levels. The sample also encompasses individuals currently pursuing college education, both at the undergraduate (16.98%) and graduate (9.43%) levels. The majority of them (67.92%) does not have any other source of income, while 32.1% have some other source of income. A significant proportion of the sample falls in the lower income brackets: below Php15,000; (47%) and Php15,000-29,999; (41%) and the majority of them has capital in the lower range, Php 1,000-27,500 (77%).

A significant majority of respondents, constituting 81.9% operate under formal business structures and diverse as to types as market players, with Fish Vendors (22.64%), Fruit Vendors (16.98%), and Food and Beverages Services (16.98%) being the most prevalent categories. Other notable market players include Peddlers (13.21%), Meat Vendors (9.43%), and Vegetable Vendors (5.66%). More than half of the sample (52.83%) comprises businesses that have been in operation for 5 years or less.

Table 1. Frequency Distribution and Percentage of Respondents Profile

Age	**Frequency**	**Percent**
18-30	12	22.6
31-42	15	28.3
43-54	16	30.2
55 & above	10	18.9
Sex		
Male	10	18.9
Female	43	81.1
Civil Status		
Single	9	16.98
Married	40	75.47
Widowed	3	5.66
Separated	1	1.89
Educational Attainment		
Elem Undergraduate	13	24.53
Elem Graduate	4	7.55
HS Undergraduate	9	16.98
HS graduate	13	24.53
College Undergraduate	9	16.98
College Graduate	5	9.43
With/out other source of income		
No other source	36	67.92
With other source	17	32.1
Income (in Philippine Peso)		
Below P15,000	25	47

P15,000-29,999	22	41
P30,000-44999	3	6
P45,000 and above	3	6
Capital		
P1,000-27,500	41	77
P27,501-54,000	10	19
P54,0001-80,500	1	2
P133,501-160,000	1	2
Formality	**Frequency**	**Percent**
Formal	43	81.9
Informal	10	18.9
Market player type		
Fish Vendor	12	22.64
Fruit Vendor	9	16.98
Food and Beverages Services	9	16.98
Peddlers	7	13.21
Meat Vendor	5	9.43
Vegetable Vendor	3	5.66
Dry Goods Merchant	3	5.66
Service/Repair Stalls	3	5.66
Groceries	1	1.89
RTW Merchant	1	1.89
Years of operation	**Frequency**	**Percent**
5 years and below	28	52.83
6-10	12	22.64
11-15	7	13.21
16-20	2	3.78
above 20 years	4	7.54

2. **Informal Credit Terms and Engagement**

The majority of respondents (77.36%) have been utilizing informal credit for 5 years or less, a smaller but significant portion has been utilizing informal credit for more extended periods: 11.32% for 6 to 10 years and another 11.32% for more than 10 years. The distribution of loan amounts is varied, with a significant proportion (54.7%) availing loans of Php10,000 and below. Other categories include Php10,001 to Php20,000 (20.7%), Php20,001 to Php30,000 (5.7%), and above Php30,000 (18.9%).

A notable 41.51% of respondents face interest rates above 8%, while 39.62% experience the lowest rates at 4% and below. Approximately 18.87% encounter rates between 4.01% and 8%.

The repayment schedules for informal credits show diverse preferences, the most prevalent choice among respondents 45.3%, opting for a weekly payment schedule. In contrast, 32.1% make daily installment payments, and a smaller proportion of 22.6% choose to make monthly payments.

Table 2. Frequency Distribution and Percentages of Respondents Informal Credit Engagement Practices

Number of years utilizing informal credit	Frequency	Percent
5 years and below	41	77.36
6 to 10 years	6	11.32
More than 10 years	6	11.32
Amount of loan usually availed		

Php 10,000 and below	29	54.7
Php 10,0001 to Php 20,000	11	20.7
Php 20,0001 to Php 30,000	3	5.7
Above Php 30,000	10	18.9
Interest rates on credits		
4% and below	21	39.62
4.01% to 8%	10	18.87
Above 8%	22	41.51
Installment payment schedule		
Daily	17	32.1
Weekly	24	45.3
Monthly	12	22.6

3. **Extent of utilization of informal credit schemes**

The result reveals that **informal individual creditors or lenders (e.g., 5-6 lending)** and **borrowing from relatives or friends** are frequently utilized credit schemes, with mean scores of 3.83 and 3.51, respectively. In contrast, informal installment plans for consumer durable products *(Hulugan)* and rotating social capital (*Paluwagan)* are rarely utilized, with mean scores of 2.51 and 2.13, respectively.

Table 3. Mean, Standard Deviation and Interpretation of Respondents' Extent of Informal Credit Utilization

Informal Credit Schemes	Std. Deviation	Mean	Interpretation
Informal Individual Creditors (e.g .5-6 lending)	1.55	3.83	Frequently utilized
From Relatives/Friends	1.6	3.51	Frequently utilized
From Informal Organizations	1.9	3.02	Sometimes
Informal Installment Plans for Consumer Durable Products (Hulugan)	1.65	2.51	Rarely
Rotating Social Capital (Paluwagan)	1.59	2.13	Rarely
1.00-1.80 = Never utilized, 1.81-2.60=Rarely utilized, 2.61-3.40=Sometimes utilized, 3.41-4.20=Frequently utilized, 4.21-5.00= Very frequently			

4. **Factors that affect the choice of informal credit scheme**

The results show that factors influencing the choice of informal credit schemes highlight that flexibility of repayment terms is the most significant factor, followed closely by social networks and trust, speed of disbursement, anonymity, and interest rates. Additionally, income volatility, proximity and convenience, collateral requirements, access to formal financial institutions, and cultural practices all play substantial roles in shaping respondents' preferences for informal credit.

Table 4. Mean, Standard Deviation and Interpretation of Respondents' Perceived Factors that Affect their Choices of Informal credit Scheme

Factors	Std. Deviation	Mean	Interpretation
Flexibility of Repayment Terms	1.16	4.19	Significantly
Social networks and Trust	1.22	4.17	Significantly
Speed of Disbursement	1.3	4.08	Significantly
Anonymity	1.29	4.06	Significantly
Interest Rates	1.32	4.00	Significantly
Income Volatility	1.18	3.94	Significantly
Proximity and Convenience	1.15	3.91	Significantly
Collateral requirements	1.42	3.89	Significantly
Access to Formal Financial Institution	1.2	3.85	Significantly
Cultural Practices	1.42	3.72	Significantly

1.00-1.80 = Not at all, 1.81-2.60=Slightly, 2.61-3.40=Moderately, 3.41-4.20=Significantly, 4.21-5.00 = Very Significantly

5. **What is the extent of accessibility, affordability, personalization, and flexibility of informal credit schemes?**

The assessment of informal credit scheme attributes reveals that respondents find these schemes to be highly accessible, very flexible and extremely personalized reflecting positive perceptions regarding accessibility, flexibility, and personalization. However, respondents perceive the affordability of these schemes as moderate, indicating a balanced but not exceptional affordability.

Table 5: Mean Standard Deviation and Interpretation of the Respondents' Perception of the Extent of Accessibility, Affordability, Personalization, and Flexibility of Informal Credit Schemes

Variables	Std. Deviation	Mean	Interpretation
Accessibility	1.10	3.99	Very Accessible
Flexibility	0.99	3.90	Very Flexible
Personalization	1.00	3.87	Very personalized
Affordability	0.97	3.11	Moderately affordable

6. **Extent to which informal credit schemes contribute to financial stability and resilience.**

The assessment of perceived informal credit schemes contribution to financial stability and resilience underscores that respondents find these schemes to be significantly advantageous, with very significant contributions in supporting regular financial obligations (e.g., bills) and influencing overall financial well-being. Particularly, these schemes also significantly assist in areas such as covering unexpected expenses, maintaining financial stability during economic downturns, funding business or income-generating activities, enhancing financial resilience, managing unexpected medical expenses, investing in education and skills development for family members, building financial assets, and providing a safety net during income loss or instability. The overall mean of 4.07 further signifies a positive and significant perception of the overall benefits derived from informal credit utilization.

Table 6. Mean, Standard Deviation and Interpretation of Contribution of Informal Credit Scheme to Financial Stability and Resilience

Indicators	Std. Deviation	Mean	Interpretation
Covering up unexpected expenses, in general	1.26	3.91	Significantly
Maintain financial stability during economic downturns	1.19	4.06	Significantly
Assist in funding business or income generating activities	1.14	4.04	Significantly
Support in meeting regular financial obligations (e.g; bills)	1.1	4.21	Very Significantly
Enhance overall financial resilience	1.12	4.08	Significantly
Help manage unexpected medical expenses	1.22	4.02	Significantly
Help in investing education and skills development for family members	1.2	4.09	Significantly
Assist in building financial assets and saving for future	1.03	4.11	Significantly
Providing safety net during times of income loss or instability	1.18	4.02	Significantly
Influence overall financial well being and confidence in managing financial challenges	1.16	4.17	Significantly
Overall mean		**4.07**	**Significantly**

1.00-1.80 = Not at all , 1.81-2.60=Slightly, 2.61-3.40=Moderately, 3.41-4.20=Significantly, 4.21-5.00= Very

Significantly

Reliability Statistics	
Cronbach's Alpha	N of Items
0.962	10

7. **Extent to which informal credit schemes contribute to finance generation related to entrepreneurial activities.**

Respondents perceive significant benefits associated with utilizing informal credit schemes for income-generating purposes. Notably, informal credit is seen as significantly beneficial in starting or expanding a business and enhancing the ability to diversify income sources and increase financial well. In contrast, slightly lower confidence is expressed in the benefits of informal credit for investing in livelihood activities other than market activities.

Table 7: Mean and Interpretation of Contribution of Informal Credit Scheme to Finance Generation Related to Entrepreneurial Activities

Indicators	Std. Deviation	Mean	Interpretation
Help in starting or expanding a business or income generating activity	1.18	4.15	Significantly
Help in investing in livelihood activities (e.g farming, production, fishing, etc)	1.35	3.81	Significantly
Enable in seizing opportunities for income generating ventures, such as participating in local markets or trade activities	1.21	3.91	Significantly
Help in purchasing essential tools, equipment, or inventory needed for income generation	1.24	3.96	Significantly
Affect ability to diversify income sources and increase financial well-being	1.19	4.17	Significantly
Overall mean		**4.00**	**Significantly**
1-1.80 = Not at all , 1.81-2.60=Slightly, 2.61-3.40=Moderately, 3.41-4.20=Significantly, 4.21-5.00 = Very Significantly			

Reliability Statistics			
Cronbach's Alpha	N of Items		
0.928	5		

8. **From the perspective of credit scheme debtors, what are the potential risks and challenges associated with engaging in informal credit schemes in Gonzaga, Cagayan**.

The assessment of perceive several significant risks associated with utilizing informal credit schemes shows that financial mismanagement, interest rates, and repayment terms, along with worries about the lack of financial education are the most concerned risks, while unreliable lenders and lack of transparency are noted as the least concerned risks.

Table 8. Mean and Interpretation Perceived Risk and Challenges associated with Informal Credit Schemes

Perceived risks of utilizing informal credit scheme	Std. Deviation	Mean	Interpretation
Financial mismanagement	1.19	4.08	Significantly
Interest rates and repayment terms	1.17	4.06	Significantly
Lack of financial education and awareness	1.16	4.04	Significantly
Lack of legal protection and recourse	1.26	3.96	Significantly
Strained relationships with friends and family	1.29	3.96	Significantly
Social pressure and obligation	1.22	3.94	Significantly
Economic instability or external factors	1.27	3.91	Significantly
Over-indebtedness and its impact to financial stability	1.27	3.87	Significantly
Unreliable lenders and fraud	1.17	3.85	Significantly
Lack of transparency and documentation	1.26	3.81	Significantly

1-1.80 = Not at all , 1.81-2.60=Slightly, 2.61-3.40=Moderately, 3.41-4.20=Significantly, 4.21-5.00 = Very Significantly

IV: DISCUSSIONS

I: Profile Variables

Age Distribution
The even distribution observed across diverse age groups within the sample indicates a broad representation, reflecting a diverse demographic profile. remarkably, the prevalence of individuals within the 31-54 age range implies that individuals in this age range are actively participating in market-oriented roles, highlighting the adaptability and suitability of market player occupations for those in the mid-career to later stages of their lives.

Sex and Marital Status
The high percentage of female respondents indicates a strong presence of women in market-oriented roles or businesses. Considering the traditionally prevalent roles of women in family and household management, this demographic composition suggests that women, especially those in married partnerships, may be actively engaged in utilizing credit not only for individual business purposes but also for family-related financial needs.

Educational Attainment
The diverse educational backgrounds of market players and credit users, including various levels of high school education, indicate a range of experiences that can influence financial literacy. Those with higher academic qualifications may approach credit utilization more strategically, while individuals with lower level of school education may exhibit varying financial literacy levels.

Income and Capital Distribution
The majority lacking an additional income source (67.92%) and falling in lower income brackets (below Php15,000; 47%) underscores potential financial constraints. The dominance of market players with lower capital (Php1,000-27,500; 77%) further highlights the need for accessible and flexible credit options as also highlighted by Liu et al. (2016) in their study and the need for sustainable solutions to address the challenges faced by vendors, including access to financial resources and business support as emphasized by Kirumirah & Munishi (2021).

Business Characteristics
The dominance of formal structures (81.9%) indicates that they are more certain of their occupations' going concern that drives them to operate formally. These findings oppose Holt & Littlewood (2014) and Shand et al. (2017) generalization that the majority of market vendors are likely to be part of the informal sector, as indicated by the nature of their businesses and their limited access to formal financial resources and training. This disagreement is attributed to the sampling and inclusion criteria being used in this study where all market vendors were not given a chance to be selected as respondents of this study.

Operational Duration
The majority of businesses (52.83%) being in operation for 5 years or less implies a relatively young business landscape.

II. Informal Credit Engagement and Practices

The prevalence of respondents (77.36%) relying on informal credit for 5 years or less means that these individuals are more power-driven by the need for immediate and specific coverage of financial needs as opposed to building long-term credit relationships. This further supports the assertion emphasized by Barus et al. (2022) on the importance of informal credit solutions in covering the prevailing financial needs of market vendors and MSMEs. This reliance upon informal sources can generally be attributed to a lack of access to traditional sources of bank financing. This is very important for informal credit in meeting immediate financial challenges.

The preference or practice of offering small sums of informal credit (Php10,000 and below) is influenced by the needs and characteristics of borrowers and credit worthiness assessment by lenders as emphasized by (Hansen et al., 2019).

The observed fluctuation in interest rates within the informal credit market supports the argument by Chaudhuri & Dastidar that provision of formal credit to informal lenders may raise the administrative cost, which, in turn, may increase interest rates in the informal sector. This argument blends well with the focus that Gonzalez-Vega (2021) places on how credit-rationing behavior and interest-rate restrictions determine the interest rates charged in both formal and informal credit markets. The effect of risk perceptions, nuanced by Ferrari et al. (2018), however, further problematizes this agreement.

Diverse preferences for repayment schedules simply underline fundamental demands for flexibility in the frequency of payments in credit arrangements. This agrees with the literature and especially the study by Serrano-Cinca et al. (2015), which underscores the need for an understanding of the factors that influence repayment behavior and also advocates for flexible repayment options as a means to mitigate default. The work also has a relation with the flexibility in financial options available for entrepreneurs, which Ejiogu & Ejike (2020), presented. This underscores the need for creating better access to financial services.

III: Extent of Utilization of Informal Credit Schemes

The frequent use of individual money lenders, like the 5-6 lending system and credit from relatives/friends, over other informal credit schemes, is influenced by their availability and versatility. These informal setups, that boast of accommodating repayment choices, are really easy to accommodate the various needs of borrowers as emerging in several works including Rahn & Anand in 2020. This is further supported by Kind et al. (2014); Adams et al. (2016), and additionally, the reliance upon social relationships to meet financial needs, and the impact of financial strain upon mental health further supports the need for accessible and versatile financial support, which these informal networks afford. In identifying credit schemes often used, it becomes apparent that a recreation of these similar lines of financial support is needed to increase their availability.

IV: Factors Affecting the Choice of Informal Credit

The choice to seek informal credits is largely influenced by factors such as social networks, trust, speed in disbursing, anonymity, and the interest charged. Social circles build trust, which often will dictate the choices made since most people depend on recommendations from trusted persons (Ayoo, 2022). The speed at which the informal creditors disburse funds, especially in emergency cases, makes them more preferable to formal institutions. Anonymity is again a key factor as the informal creditors would provide privacy in financial transactions. They provide confidentiality and discretion that official institutions possibly do not. Meanwhile, interest rates play a big factor, and flexibility in structuring terms by informal creditors attracts borrowers in search of personalized and flexible financial arrangements. Such factors need to be understood for the adaptation of financial solutions that can be helpful in creating more responsive and personalized interventions among the people involved in informal credit transactions and aligning with their respective needs and preferences.

V: Accessibility, Flexibility, Personalization, and Affordability of Informal Credit Scheme

The assessment of informal credit schemes, as highlighted by Xu et al. (2021), emphasizes their high accessibility, flexibility, and personalization, which are perceived positively. These findings underscore the strengths of informal credit schemes in terms of accessibility and flexibility, which align with positive perceptions, while also acknowledging the moderate affordability of these schemes.

The perceived flexibility and personalization indicate that informal credit adapts to borrowers' needs (Mao et al., 2018). Customized terms, like flexible repayment schedules and lower collateral requirements, enhance the suitability of informal credit for diverse financial situations.

However, the moderate affordability perception suggests considerations about borrowing costs. While informal credit meets specific needs, associated higher interest rates or fees may affect overall affordability. Individuals may find these schemes moderately affordable, emphasizing a trade-off between accessibility, flexibility, and cost considerations.

VI. Contribution of Informal Credit to Financial Stability and Resilience

The study's findings highlight the wider benefits of informal credit in promoting financial resilience. People, particularly the market players, depend on these systems to help them deal with unforeseen financial difficulties such as downturns in the economy, unplanned expenses, and medical bills. The study stresses that informal credit systems are essential for supporting the stability and resilience of people's financial circumstances. This positive perception is reflected in the overall mean rating of 4.07, which shows that these systems are seen as trustworthy mechanisms for fostering financial resilience. These systems are essential to strengthening people's financial well-being, whether they are handling urgent financial demands or offering assistance during difficult economic times (Mao et al., 2018).

VII: Contribution of Informal Credit to Finance Generation

Respondents perceive significant benefits associated with utilizing informal credit schemes for income-generating purposes, particularly in starting or expanding a business and enhancing the ability to diversify income sources, thereby increasing financial well-being as highlighted by Barman (2022). This positive perception aligns with the notion that informal credit can play a crucial role in facilitating entrepreneurial endeavors and income-generating activities, especially for individuals with limited access to formal financial institutions.

Informal credit schemes are seen as significantly beneficial in supporting entrepreneurial activities, reflecting the potential of these arrangements to provide financial resources for business initiation and expansion. The flexibility and accessibility of informal credit may cater to the diverse financial needs of entrepreneurs, enabling them to pursue income-generating ventures and contribute to economic development (Zafar et al., 2013). However, slightly lower confidence is expressed in the benefits of informal credit for investing in livelihood activities other than market activities. This suggests that while informal credit may be well-suited for entrepreneurial ventures, there may be perceived limitations in its applicability to non-market livelihood activities.

VIII: Risks Associated with Informal Credit

The result of perceive risk of informal credit schemes reveals important issues such high interest rates, financial mismanagement, and insufficient financial literacy which are in agreement with the studies of Serrano-Cinca et al. (2015) and Kono & Tanaka (2019). People in developing nations tend to make informal arrangements since they have less access to formal savings instruments. Because informal providers are not subject to strict rules, there are regulatory differences between formal and informal providers that increase the risks (Co et al., 2017). Furthermore Chaudhuri & Dastidar (2014). emphasizes how important interest rates are in determining the dynamics of informal loans, with penalties being thought of as a way to bring rates down. These results have implications for the ways in which people involved in informal credit arrangements need to be protected. These ways include considering ways to reduce the impact of high interest rates, filling in the gaps in financial education, and more effectively regulating informal credit providers.

TEST OF HYPOTHESES

Operational Experience and Financial Decisions

Ha1: *The number of years operating as a market player is positively correlated with the amount of loan availed and the average market capitalization, indicating that operational experience influences financial decisions.*

The hypothesis suggests a positive correlation between the number of years operating as a market player and both the amount of loan availed and the average market capitalization. The correlation analysis (N = 53) revealed significant associations among operational years, loan amount, and capital. A significant positive moderate correlation was found ($r = 0.415$, $p = 0.002$**), indicating that as operational years increases, so does the amount of loan availed. Moreover, significant positive low correlation was also identified ($r = 0.302$, $p = 0.028$*), suggesting that higher loan amounts are associated with increased capital. On the other hand, no significant correlation was observed between operational years and capital (r = -0.021, p = 0.883).

These results support Hypothesis 1, indicating a positive association between operational experience and financial decisions, specifically in terms of loan amounts and average market capitalization.

The correlation analysis, conducted using Spearman's rho, is presented.

		Operational Years	Amount of Loan	Capital
Operational Years	Correlation Coefficient	1.000	.415**	-.021
	Sig. (2-tailed)		.002	.883
	N	53	53	53
Amount of Loan	Correlation Coefficient	.415**	1.000	.302*

	Sig. (2-tailed)	.002		.028
	N	53	53	53
Capital	Correlation Coefficient	-.021	.302*	1.000
	Sig. (2-tailed)	.883	.028	
	N	53	53	53

Educational Attainment and Choice of Credit Schemes as to Interest Rates

***Ha2:** Market players with higher educational attainment chooses informal credit schemes with lower interest rates and more favorable payment terms compared to those with lower educational attainment.*

A significant negative low correlation was observed (r = -0.331, p = 0.015*), indicating that higher levels of education are associated with lower interest rates. These findings suggest a significant association between education and interest rates thus Ha2 is being supported. Market players with higher education levels are choosing schemes with lower interest rates. The correlation analysis, conducted using Spearman's rho, is presented.

		Educ	Interest rate
Educational attainment	Correlation Coefficient	1.000	-.331*
	Sig. (2-tailed)		.015
	N	53	53

Accessibility and Affordability

***Ha3:** There is a positive relationship between the perceived accessibility and affordability of informal credit schemes, suggesting that schemes perceived as more accessible are also considered more affordable*.

The results of the correlation analysis support Ha3, which shows a positive relationship between perceived accessibility and affordability of informal credit schemes. The findings indicate significant positive high correlations between perceived accessibility and both flexibility (r = 0.839, p = 0.000**) and personal factors (r = 0.796, p = 0.000**), suggesting that schemes perceived as more accessible are also associated with higher levels of flexibility and personalization.

Additionally, there is a positive but comparatively lower correlation between perceived accessibility and affordability (r = 0.353, p = 0.010*). This implies that informal credit schemes perceived as more accessible are considered more affordable, supporting the hypothesis of a positive relationship between perceived accessibility and affordability. The correlation analysis, conducted using Spearman's rho, is presented.

		Accessibility	Flexibility	Personalization	Affordability
Accessibility	Correlation Coefficient	1.000	.839**	.796**	.353**
	Sig. (2-tailed)		.000	.000	.010
	N	53	53	53	53

Financial Stability and Resilience

***Ha4:** The extent to which informal credit schemes contribute to financial stability and resilience among market players is positively correlated with the number of years utilizing informal credit.*

A significant positive correlation was observed (r = 0.393, p = 0.004**), indicating that there is a positive relationship between the extent to which informal credit schemes contribute to financial stability and resilience and the number of years market players have been utilizing informal credit.

These findings support Ha5, which posits that the positive correlation suggests that as market players utilize informal credit for a longer duration, there is an associated increase in the perceived contribution of these schemes to financial stability and resilience. The correlation analysis, conducted using Spearman's rho, is presented.

		FSR	Credit years
Financial Stability and resilience (FSR)	Correlation Coefficient	1.000	.393**
	Sig. (2-tailed)		.004
	N	53	53

Finance Generation and Choice of Schemes

Ha5: *Informal credit schemes that are perceived to contribute significantly to finance generation are more likely to be preferred by market players over those that are perceived to have a lesser impact on finance generation.*

There is a significant low positive correlation with Finance Generation and the extent of utilization of Individual informal credit scheme (r = 0.374, p = 0.006**), suggesting that as the perceived contribution to finance generation increases, the more likely that the scheme being utilized.

In contrast, Friends and Relatives credit scheme show a very low positive correlation, but it is not statistically significant (r = 0.160, p = 0.251). The mean of the extent of utilization is still relatively high, indicating also a frequent usage.

The results partially align with Ha5, that market players are more likely to prefer and frequently utilize informal credit schemes perceived to significantly contribute to finance generation. The correlation for **Individual Informal Lenders** reinforces this preference.

Informal credit schemes	**Finance Generation**		**Extent of utilization (from Table 3)**	
	Correlation Coefficient	**Sig.(2-tailed)**	**(Mean)**	**Adjectival Rating**
Individual Informal Lenders	.374**	.006	3.83	Frequently utilized
Friends and Relatives	.160	.251	3.51	Frequently utilized
ROSCA *(Paluwagan)*	.175	.210	2.13	Rarely
Informal Installment *(Hulugan)*	.057	.688	2.51	Rarely
Informal Organization Lenders	.226	.103	3.02	Sometimes

The Limitation of This Study

The study focused mainly on a specific locality which may potentially limit its results generalizability to a broader range of populations. Further, the data collected relies heavily on self-report and perceptions of the respondents. Data reported might be over or under stated. The use of the structured questionnaire limits also the dept of responses pertaining to informal credit participation.

Future Directions of This Study

Related studies may consider conducting comparative studies with mixed method approach across diverse cultural and economic settings to better understand how informal credit practices vary and adapt. This approach can develop more comprehensive and global frameworks on informal credit dynamics.

V. CONCLUSION

It is concluded by underlining the very important role that credit in the informal sector plays in generating financing among market vendors and microbusinesses, and in the stabilization of their financial situation. The empirical results give insight into the varied impacts of informal loans, especially on how it affects market sellers' financial dynamics. Any reflective individual will come to understand that informal lending is very important in the production of money, especially regarding providing working capital to market merchants.

The study puts much emphasis on the fact that informal credit application is frequently utilized more by those entrepreneurs that have been in existence for five years or less. It emphasizes the important role that informal lending plays as a reliable source of working capital, allowing firms to maintain their operating expenses, adjust to changes in cash flow, and robustly conduct their day-to-day operations.

Moreover, it becomes clear from the research how informal credit catalyzes development and growth of microbusinesses, and in turn, serves as a catalyst for the creation of finance. The fact that market participants with less capital frequently use informal finance emphasizes the importance of it to funding start and expansion of business. This process increases ability of these enterprises to generate money in general through easing of market entry and support of sustainable expansion.

Another important characteristic of these informal credit systems in the making of finance is the flexibility of interest rates for loanable funds. This flexibility is manifested in the variation of interest rates seen in the informal loan market, indicating that market sellers are able to adapt very fast due to a change in consumer demand for their good or service. The flexibility will morph into a competitive advantage where market vendors can adjust their price, inventory, and operating plans in real time, which greatly enhances their ability to create financing.

Moreover, this community-based approach is another reason that strengthens informal credit's role in generating funds for market vendors. The regular use of family, friends, and individual money lenders points to the existence of relationships based on trust in local communities. Besides encouraging financial transactions, this community-based approach reinforces social networks, joining a network of support in an effort to improve the activities associated with generating financing. It shows that flexible conditions of repayment increase the contribution of informal loans towards the creation of finance. Various preferences on the payback plan harmonize with the variable streams of revenue by market sellers, and debts can be paid back without preventing such enterprises from continuing to generate money.

In view of the study findings, it is recommended that it has to increase the access to informal credit, and each sector has a role to enhance this. The government can develop platforms for matching entrepreneurs with the informal lenders by crafting regulations to improve trust and confidence and offer tax incentives for better terms on the lending operations. Moreover, through seed funding and supportive policies, the government can facilitate community-based lending groups, integrate informal credit schemes into economic plans, and establish a tested body to collect and analyze data about informal lending practices.

The educational sector can also support the same through incorporating financial literacy campaigns, holding workshops, outreach and mentorship programs.

Researchers may conduct examination of the informal lending impacts, analysis of the effectiveness of community-based lending networks, tracking of success from different initiatives, building evaluation methods, and giving data-based recommendations to make informal credit schemes more effective.

Informal lenders and creditors must continue to be accommodating in their community-based lending practices that are held by trusting relationships, enhance their services, provide indispensable working capital for microbusinesses, and fine-tune their services based on the feedback from monitoring and evaluations.

REFERENCES

1. Adams, D. R., Meyers, S. A., & Beidas, R. S. (2016). The relationship between financial strain, perceived stress, psychological symptoms, and academic and social integration in undergraduate students. *Journal of American College Health*, *64(5), 362-370*. https://doi.org/10.1080/07448481.2016.1154559

2. Akehira, S., Alcantara, E., & Razmjoo, A. (2022). Competition and innovation: the rise of startups and its effects towards the philippines economy. J*ournal of Economics Finance and Accounting Studies, 4(1), 383-411*. https://doi.org/10.32996/jefas.2022.4.1.24

3. Akram, K., Iqbal, M., & Hayat, M. (2020). The role of formal and informal credit in agriculture sector: a case study of district faisalabad, pakistan. *Journal of Economic Impact, 2(3), 99-102.* https://doi.org/10.52223/jei0301214

4. Al-Banna, H. and Nurdany, A. (2022). Sustainability of islamic rural banks: a social qardh financing approach. *Global Review of Islamic Economics and Business, 9(2), 087.*

https://doi.org/10.14421/grieb.2021.092-08

5. Aluko, O. and Ibrahim, M. (2020). Institutions and the financial development–economic growth nexus in sub-saharan africa. *Economic Notes, 49(3)*. https://doi.org/10.1111/ecno.12163
6. Anwar, M., Nidar, S., Komara, R., & Layyinaturrobaniyah, L. (2019). Rural bank efficiency and loans for micro and small businesses: evidence from west java indonesia. *International Journal of Emerging Markets, 15(3), 587-610.* https://doi.org/10.1108/ijoem-11-2017-0494
7. Awwal, Muhhammad, Shafiu., Halimah, Abdul, Manaf., Sakinah, Muslim. (2020). Utilization Entrepreneurship for Job Creation, Poverty Reduction and National Development. *The Journal of Social Sciences Research,* doi: 10.32861/JSSR.61.97.102
8. Ayoo, C. (2022). Poverty reduction strategies in developing countries. *Rural Development - Education, Sustainability, Multifunctionality.* https://doi.org/10.5772/intechopen.101472
9. Barman, B. C. (2022). Microfinance, rural women entrepreneurs and sustainable development. *Sustainable Entrepreneurship, 11-16.* https://doi.org/10.31674/book.2022se.002
10. Barus, R., Sadalia, I., & Muluk, C. (2022). Analysis of msme financial intelligence level in the utilization of peer-to-peer (p2p) lending as a financing alternative in batam city., 201-205. https://doi.org/10.2991/978-94-6463-008-4_27
11. Beck, T., Degryse, H., & Kneer, C. (2014). Is more finance better? disentangling intermediation and size effects of financial systems. *Journal of Financial Stability, 10, 50-64.* https://doi.org/10.1016/j.jfs.2013.03.005
12. Bonfim, D. and Dai, Q. (2017). Bank size and lending specialisation. *Economic Notes, 46(2), 329-380.* https://doi.org/10.1111/ecno.12082
13. Byrska, D., Krawiec, A., & Szydłowski, M. (2019). Dynamics of a simple endogenous growth model with financial intermediation. *Macroeconomic Dynamics, 25(5), 1288-1302.* https://doi.org/10.1017/s1365100519000671
14. Chaudhuri, S. and Dastidar, K. G. (2014). Vertical linkage between formal and informal credit markets. *Emerging Issues in Economic Development, 117-134.* https://doi.org/10.1093/acprof:oso/9780198099062.003.0007
15. Dong, Y. and Men, C. (2014). Sme financing in emerging markets: firm characteristics, banking structure and institutions. *Emerging Markets Finance and Trade, 50(1), 120-149.* https://doi.org/10.2753/ree1540-496x500107
16. Dong, X. and Yang, F. (2021). Informal credit constraints and farmers' health: an empirical study of china. Ciência Rural, 51(8). https://doi.org/10.1590/0103-8478cr20200437
17. Ejiogu, A. O. and Ejike, R. D. (2020). Designing enhanced and effective entrepreneurial access to financial services. *Industry, Innovation and Infrastructure, 1-13.* https://doi.org/10.1007/978-3-319-71059-4_100-1
18. Erlando, A., Riyanto, F., & Someya, M. (2020). Financial inclusion, economic growth, and poverty alleviation: evidence from eastern indonesia. Heliyon, 6(10), e05235. https://doi.org/10.1016/j.heliyon.2020.e05235
19. Ferrari, A., Masetti, O., & Ren, J. (2018). Interest rate caps: the theory and the practice.. https://doi.org/10.1596/1813-9450-8398
20. Folorunsho, M., Ajide., James, Temitope, Dada. (2023). Poverty, entrepreneurship, and economic growth in Africa. *Poverty & Public Policy*, doi: 10.1002/pop4.368
21. Fraser, S., Bhaumik, S., & Wright, M. (2015). What do we know about entrepreneurial finance and its

relationship with growth?. *International Small Business Journal Researching Entrepreneurship, 33(1), 70-88.* https://doi.org/10.1177/0266242614547827

22. Gazdar, K. and Cherif, M. (2015). Institutions and the finance–growth nexus: empirical evidence from mena countries. *Borsa Istanbul Review, 15(3), 137-160.* https://doi.org/10.1016/j.bir.2015.06.001
23. González-Vega, C. (2021). Credit-rationing behavior of agricultural lenders: the iron law of interest-rate restrictions. *Undermining Rural Development With Cheap Credit, 78-95.* https://doi.org/10.4324/9780429270178-10
24. Gutiérrez-Romero, R. and Ahamed, M. (2021). Covid-19 response needs to broaden financial inclusion to curb the rise in poverty. *World Development, 138, 105229.* https://doi.org/10.1016/j.worlddev.2020.105229
25. Hansen, H., Rand, J., Tarp, F., & Trifković, N. (2019). Managerial attributes and enterprise access to formal credit in myanmar. *WIDER Working Paper.* https://doi.org/10.35188/unu-wider/2019/654-8
26. Holt, D. and Littlewood, D. (2014). Informal economy entrepreneurs from sub-saharan africa: observations from kenya. *The Routledge Companion to Business in Africa, 226-245*. https://doi.org/10.4324/9780203093146-19
27. Karasoy, A. (2021). How do remittances to the philippines affect its environmental sustainability? evidence based on the augmented ardl approach. *Natural Resources Forum, 45(2), 120-137.* https://doi.org/10.1111/1477-8947.12218
28. Khan, H., Khan, S., & Zhong, F. (2020). Institutional quality and financial development: evidence from developing and emerging economies. *Global Business Review, 23(4), 971-983.* https://doi.org/10.1177/0972150919892366
29. Kind, T., Okazaki, Y., Saito, K., & Fiehn, O. (2014). Lipidblast templates as flexible tools for creating new in-silico tandem mass spectral libraries. *Analytical Chemistry, 86(22), 11024-11027*. https://doi.org/10.1021/ac502511a
30. Kirumirah, M. and Munishi, E. J. (2021). Characterizing street vendors in the urban settings of tanzania: towards sustainable solutions to vendors' challenges. *Sustainable Education and Development, 245-261.* https://doi.org/10.1007/978-3-030-68836-3_22
31. Kono, H. and Tanaka, T. (2019). Does marriage work as a savings commitment device? experimental evidence from vietnam. *Plos One, 14(6),* e0217646. https://doi.org/10.1371/journal.pone.0217646
32. Kondratjeva, O. and Chen, J. (2018). Children's schooling in nicaragua: what is the link between educational achievement, borrowing, and gender? *Review of Development Economics, 22(3), 1125-1145.* https://doi.org/10.1111/rode.12377
33. Korolev, O. (2015). Bank lending to small and medium sized business: evidence from russia. *Asian Social Science, 11(14)*. https://doi.org/10.5539/ass.v11n14p314
34. Liu, J., Prach, L. M., Treleaven, E., Hansen, M. A., Anyanti, J., Jagha, T., … & Isiguzo, C. (2016). The role of drug vendors in improving basic health-care services in nigeria. Bulletin of the World Health Organization, 94(4), 267-275. https://doi.org/10.2471/blt.15.154666
35. Langa, M. and Govender, K. (2019). The need for agile relationship lending between small business and banks, towards a more engaged relationship: a case study in khayelitsha, south africa. *Asian Business Research Journal, 4(1), 29-34*. https://doi.org/10.20448/journal.518.2019.41.29.34
36. Laorden, N., Sarmiento, J., Romo, G., Acuña, T., & Acopiado, I. (2022). Impact of supply chain disruptions during the covid-19 pandemic to micro, small and medium enterprises in davao region, philippines. *Journal of Asia Business Studies, 16(3), 568-586.* https://doi.org/10.1108/jabs-05-2021-0216

37. Li, P., Song, X., & Li, J. (2022). Research on farmers' households credit behavior and social capital acquisition. *Frontiers in Psychology, 13.* https://doi.org/10.3389/fpsyg.2022.961862

38. Lin, L., Wang, W., Gan, C., & Nguyen, Q. (2019). Credit constraints on farm household welfare in rural china: evidence from fujian province. *Sustainability, 11(11), 3221*. https://doi.org/10.3390/su11113221

39. Linh, T., Long, H., Chi, L., Tam, L., & Lebailly, P. (2019). Access to rural credit markets in developing countries, the case of vietnam: a literature review. *Sustainability, 11(5), 1468.* https://doi.org/10.3390/su11051468

40. Liu, J., Zhang, G., Jun, Z., & Li, C. (2020). Human capital, social capital, and farmers' credit availability in china: based on the analysis of the ordered probit and psm models. *Sustainability, 12(4), 1583.* https://doi.org/10.3390/su12041583

41. Mao, D., Wang, F., Hao, Z., & Li, H. (2018). Credit evaluation system based on blockchain for multiple stakeholders in the food supply chain. *International Journal of Environmental Research and Public Health, 15(8), 1627.* https://doi.org/10.3390/ijerph15081627

42. Mario, Kafouros., Subramanya, Prasad, Chandrashekar., Murod, Aliyev., Alan, Kai, Ming, Au. (2021). How do formal and informal institutions influence firm profitability in emerging countries. *Journal of International Management,* doi: 10.1016/J.INTMAN.2021.100890

43. Miba'am, B. (2018). Financial intermediation in post bank consolidation era and economic growth in nigeria.. https://doi.org/10.20472/iac.2018.043.028

44. Munishi, E., Songa, P., & Kirumirah, M. (2021). Challenges to accessing credit financing from financial institutions by the urban based street vendors: experience from dar es salaam – tanzania. *International Journal of Business and Management, 17(1), 65*. https://doi.org/10.5539/ijbm.v17n1p65

45. Nguyet, C. (2014). Why do small and medium enterprises need to access informal credit? the case of vietnam. *International Finance and Banking, 1(2), 1.* https://doi.org/10.5296/ifb.v1i2.6695

46. Rahn, K. L. and Anand, R. K. (2020). Recent advancements in bipolar electrochemical methods of analysis. *Analytical Chemistry, 93(1), 103-123.* https://doi.org/10.1021/acs.analchem.0c04524

47. Resuello, M. (2020). Building disaster resilient local economy: the case of the philippines. *Journal of Public Administration and Governance, 10(4), 179.* https://doi.org/10.5296/jpag.v10i4.17752

48. Saha, S. and Qin, J. (2022). Financial inclusion and poverty alleviation: an empirical examination. *Economic Change and Restructuring, 56(1), 409-440.* https://doi.org/10.1007/s10644-022-09428-x

49. Santos, K. (2019). Perception of vendors on informal lending institutions. *International Journal of Advanced Engineering Management and Science, 5(12), 659-661.* https://doi.org/10.22161/ijaems.512.8

50. Saraf, A. (2020). Trust amid "trust deficit". *American Ethnologist, 47(4), 387-401.* https://doi.org/10.1111/amet.12987

51. Serrano-Cinca, C., Nieto, B. G., & López-Palacios, L. (2015). Determinants of default in p2p lending. *Plos One, 10(10), e0139427.* https://doi.org/10.1371/journal.pone.0139427

52. Shand, W., Blerk, L. v., & Hunter, J. (2017). Economic practices of african street youth: the democratic republic of congo, ghana, and zimbabwe. *Laboring and Learning, 411-431.* https://doi.org/10.1007/978-981-287-032-2_5

53. Shapoval, Y. (2021). Relationship between financial innovation, financial depth, and economic growth. *Investment Management and Financial Innovations, 18(4), 203-212.* https://doi.org/10.21511/imfi.18(4).2021.18

54. Shinozaki, S. and Rao, L. (2021). Covid-19 impact on micro, small, and medium-sized enterprises under the lockdown: evidence from a rapid survey in the philippines. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3807080

55. Silver, L., Lundahl, N., & Berggren, B. (2015). Revisiting control aversion: the role of financiers in connecting entrepreneurs to the marketplace. *Journal of Small Business and Enterprise Development, 22(3), 417-432*. https://doi.org/10.1108/jsbed-04-2014-0064

56. Sivaraman, V. (2021). The effect of network topology on credit network throughput.. https://doi.org/10.48550/arxiv.2103.03288

57. Šori, I., Prokofeva, E., Tatyannikov, V., & Kuvaeva, Y. (2020). The role of crediting small- and medium-sized enterprises in facilitating sustainable economic development and improving quality of life. *E3s Web of Conferences, 208, 03024*. https://doi.org/10.1051/e3sconf/202020803024

58. Tetteh, I., Boehlje, M., Giri, A., & Sharma, S. (2021). Strategic behavior of nontraditional lenders in agricultural credit markets. *Agricultural Finance Review, 82(2), 379-396.* https://doi.org/10.1108/afr-06-2021-0074

59. Tong, Z., Liu, H., & Liang, P. (2020). Social trust formation and credit accessibility—evidence from rural households in china. *Sustainability, 12(2), 667*. https://doi.org/10.3390/su12020667

60. Tran, M., Gan, C., & Hu, B. (2016). Credit constraints and their impact on farm household welfare. *International Journal of Social Economics, 43(8), 782-803*. https://doi.org/10.1108/ijse-11-2014-0243

61. Wu, B. and Wang, T. (2021). The small and medium-sized enterprises financing: a perspective of the private bank*. E3s Web of Conferences, 275, 01038.* https://doi.org/10.1051/e3sconf/202127501038

62. Xiang, D. and Worthington, A. (2017). The impact of government financial assistance on the performance and financing of australian smes. *Accounting Research Journal, 30(4), 447-464.* https://doi.org/10.1108/arj-04-2014-0034

63. Yakubu, I., Abokor, A., & Balay, İ. (2021). Re-examining the impact of financial intermediation on economic growth: evidence from turkey. *Journal of Economics and Development, 23(2), 116-127.* https://doi.org/10.1108/jed-09-2020-0139

64. Zafar, S. Y., Peppercorn, J., Schrag, D., Taylor, D. H., Goetzinger, A. M., Zhong, X., … & Abernethy, A. P. (2013). The financial toxicity of cancer treatment: a pilot study assessing out-of-pocket expenses and the insured cancer patient's experience. *The Oncologist, 18(4), 381-390*. https://doi.org/10.1634/theoncologist.2012-0279

65. Zhanna, Krysko. (2022). The role of entrepreneurship in the economic development of the country. *Economic Analysis,* doi: 10.35774/econa2022.04.015

66. (2023). The Impact of Entrepreneurship on Poverty Reduction. *International Journal of Professional Business Review,* doi: 10.26668/businessreview/2023.v8i3.1012

67. Resources:

68. https://www.worldbank.org/en/topic/smefinance