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Impact of Access to Credit on Micro, Small and Medium Scale Enterprises Profitability in Nasarawa State, Nigeria

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Abstract

Over the years, Micro, Small and Medium Scale Enterprises (MSMEs) in Nasarawa state have recorded increased supply of credit to enhance their profitability and expansion in general. In view of this, the impact of access to credit on MSMEs profitability in Nasarawa state was examined. The explanatory survey research design was specifically employed and the instrument of data collection used to collect data was questionnaire. The questionnaire comprises questions that were closed ended and responses were mostly captured as 5-point Likert scale. Yamane formula was used to obtain 393 sample size from the total of 21,456 MSMEs in the state. A total of 363 copies of questionnaire were well-filled and returned at the end of the day. The analytical technique adopted to estimate the effect of access to credit on MSMEs profitability was ordinal logistic regression. The study found that, access to credit had positive effect on the profitability of MSMEs in the study area which means that, access to credit variables (interest, loan approval rate, loan application process and collateral requirement) brought about increase in MSMEs profitability. Therefore, the study recommended that Small and Medium Scale Development Agency in Nigeria (SMEDAN) should be used as platform for transferring credit facilities to MSMEs for effective monitory in order to boost MSMEs profit. The study also recommended that, lending institutions such as microfinance bank, commercial banks amongst others should consider disbursing credit at a low cost so as to increase profit margin of businesses.

Background to the Study

Operators of MSMEs in the world over, apply for credit in order to engage in productive ventures that earn them profit. It is a well-known fact that profit making is the major motive of engaging in business of any kind. Micro, Small and Medium Scale businesses need credit since most at times, they are faced with financial challenges. According to Fasola et al. (2020), small businesses particularly, do not grow because of limited financial resources. In essence, lack of financial resource can hinder the operation of small businesses which have the potential to create job opportunities, reduce poverty and boost economic growth of any nation. Credit is therefore needed by most MSMEs since financial resources are usually scarce for running businesses and making them profitability. Due to the importance of credit to small businesses World Bank and African Development Bank (ADB) have increased supply of credit to MSMEs in different countries in order to make them thrive and enhance their growth. In an attempt to make credit more accessible to MSMEs in the African continent, credit guarantee schemes have been introduced by ADB; among such are: equity, portfolio and individual loan and many more (African Development Bank Group, 2014). African Development Bank mostly targeted some key sector such as industry with integrity and good reputation.

Nigeria government has occasionally shown commitment in dealing with the challenges faced by small businesses including the problem of inadequate finance. Several empirical studies conducted in Nigeria such as Fasola et al. (2020); Agbonna (2022) have established that limited financial resources affect MSMEs economic prosperity and growth. Some credit programmes and schemes aimed at making credit easily available to MSMEs have been introduced by Nigeria government, among such interventions are: Central Bank of Nigeria Special Credit Programmes (CBNSCP), Partial Credit Guarantee Schemes (PCGs) and many others. It is believed that, these credit interventions will enhance MSMEs profitability, and also affect the economy positively in terms of providing jobs for its citizens, reduce poverty and promote industrialization in Nigeria.

Report has it that, Nasarawa State is among the states in Nigeria that has the highest supply of guaranteed loans (Development Finance Department (DFD) of CBN, 2015). Even subsequently, the MSMEs in the state have benefitted from National Economic Reconstruction Fund (NERFUND) micro credit scheme, microfinance banks amongst others. Also, other credit intervention programmes at the national level have been extended to the state to boost the performance of MSMEs in general. However, National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) survey reports have shown that MSMEs in Nasarawa State are few compared to other states in Nigeria. There have been persistent low records of MSMEs in the state despite supply of guaranteed loans and other micro credit services. This means that the benefits that are supposed to be achieved by MSMEs that are financially supported may be lacking. Therefore, there is need to look into MSMEs activities in Nasarawa State since credit services have been extended to the state.

Hypothesis

H_0: Access to credit has no significant impact on MSMEs profitability in Nasarawa State.

H_1: Access to credit has significant impact on MSMEs profitability in Nasarawa State.

Literature Review

Concepts of Credit, MSMEs and Profitability

Messah and Wangai (2011), define credit as vital tool that enables businesses solve their problem of liquidity. In essence, credit is essential for smooth running of business enterprises irrespective of their sizes. Inadequate funds in businesses can constitute a setback in such a way that it limits the acquisition of raw materials, machineries/ equipment and many other productive inputs needed for business operation. The scarcity of business funds will warrant borrowing from available credit sources. Ike (2013) describes credit as loan, and loans are usually borrowed funds which can be obtained from credit institutions. The description of credit by Ajakaiye and Babatunde (2015) is a link of transferring resources for capital formation. This means that capital formation which is also known as investment is made possible through access to credit by business operators. Credit has been used interchangeably with capital and finance (Ownenvbiugie & Igbinedion, 2015). In terms of credit characteristics, Ibenta (2021) explains credit as having unique costs, risks and production functions.

The European Union defines MSMEs as companies that have less than 250 employees and revenue that does not exceed 50 million euro (Fatai, 2011). The Nigerian definition of MSMEs as given by its regulatory body known as SMEDAN differs from that of European countries. According to SMEDAN (2021), enterprises with 1 to 199 employees/workers and turnover of 3million to less than N1billion are MSMEs. Furthermore, the definition is based on two criteria which are employment and business turnover. The previous criteria used before its redefinition in 2021 were employment and asset excluding land. Micro, Small and Medium Scale Enterprises have also been defined by other bodies in Nigeria aside SMEDAN. Common measures which include: fixed assets, gross output and number of employees have been pinpointed by these bodies.

Barbero and Zofio (2023), describe profitability as revenue divided by cost, that it is different from the conventional definition of profit that is, revenue minus cost. More so, it was considered as a financial measurement that can be used in place of Return on Assets (ROA). Profitability shows the strength of business performance; whether the performance is good or bad (Zhang & Jinghua, 2017). In essence, it deals with the outcomes experienced by businesses. Sartono (2001), defines profitability as the ability of a company to make profit in terms of sales, total assets and capital. In the same vein, Iskandar (2021) describes profitability as a company's ability to generate profit within a given period of time. The definitions are similar because they all referred to profitability as the possibility of making profit in a business.

Theoretical Framework

The theory that relates to this work is 'Prospect Theory' and has been propounded by Kahneman and Tversky (1979). However, the theory became 'Cumulative Prospect Theory' as it was modified by Tversky and Kahneman, (1992). According to the theory, decisions are taken by people based on the potential value of losses and gains instead of depending on the final outcomes. The theory deals with choosing outcomes which can be associated with risk. In addition, the theory assumes that people's perception of losses and gains differ, and that their perception is rather anchored gain instead of losses. These losses and gains were evaluated by the duo using certain principles of decision-making processes which are namely editing and evaluation. Two basic concepts known as 'outcome' and 'potential', were highlighted by Prospect Theory highlighted, though emphasis has been made on outcome which is either gain or loss. This work anchored on Prospect Theory because access to credit by MSMEs may result to making of gain (profit) or loss which this work sought out to investigate.

Empirical Review

Sufficient fund from microfinance institutions boosted women owned enterprises profitability, productivity, growth and expansion (Ocholah et al. (2013). This assertion was made by Ocholah et al. in a review aimed at evaluating the effect of microfinance on performance of women owned enterprise in Kenya. Kiboki et al. (2014) work was on the relationship between small scale enterprises performance and access to credit in Mount Elgon Constituency, Kenya. Among the descriptive statistics tools employed to analyse the data collected were: mean, standard deviation and Chi-square. The study found that, owner characteristics, business characteristics, small scale enterprise performance and group membership affected access to credit in the study area. Increase in profit was among the performance indices used in the study. Kamunge et al. (2014) evaluated the factors affecting the performance of Micro Small and Small Enterprises (MSEs) in Limuyu, Kenya. The study adopted descriptive survey research design to examine the influence of factors such as finance, managerial experience, business information, infrastructure and government policy enterprise. Finance and managerial experience were found to influence performance of MSEs in terms of increase in profit, additional stock and additional employees. This means that, access to finance and possession of managerial experience have the tendency of improving MSEs profit and other performance indicators used in the study. The findings of Gichuki et al. (2014) showed that women owned enterprises that accessed credit from village credit and savings associations experienced increase in net profit and capital. The study also discovered that informal source of credit was more accessible than formal source of credit. Ordinal logit regression analysis was adopted to examine the influence of income, credit, education level on net profits and capital of the sampled women enterprises in Kenya. Umejiaku (2020) employed multiple regression method to examine access to credit on the growth of women registered entrepreneurs in Plateau State, Nigeria. The study found that, financial credit awareness had a positive and significant impact on women businesses in Plateau State. Furthermore, findings showed that, interest rate, collateral security and income statement had an insignificant effect on women businesses. Badi and Ishengoma (2021)

study was on Small and Medium Scale Enterprises (SMEs) that had benefitted from Private Agricultural Sector Support (PASS) in Tanzania. Data collected were analysed using multiple regression technique. The findings of the study showed that, debt finance enhanced SMEs profit expressed as performance. Desired profitability of the business owner, turnover and market share were the performances indices used by Avouba (2022) to evaluate the effects of access to credit on the performance of SMEs in Congo. Data collected was estimated using the Ordinary Least Square (OLS) technique. It was found that, access to credit did not influence the performance of SMEs in the study area. Amadasun and Mutezo (2022) examined the influence of access to finance on SMEs growth in Lesotho. The study used access to finance proxies which include: financial information access, structure of banks, collateral requirement, and bank/business support services. Both Spearman's correlation and regression techniques were employed in the work. The study found that, all the access to credit proxies influenced SMEs growth. The influence of credit accessibility (loan application process and other lending procedures) on performance of SMEs was examined by Muriungi (2023). The level of profitability was among the measures of performance used in the study. Frequency table, graphs and chi-square test all descriptive statistics were adopted to analyse the data collected. The result of the findings showed that, loan application process was so cumbersome. In addition, lending procedure that is credit accessibility, had significantly influenced performance of SMEs.

Research Methodology

Research Design and Source of Data

Survey research design was adopted in this study. According to Osuala (2001), survey research method deals with the collection, interpretation, synthesis and integration of data. It also explains the implication and interrelationship of data, hence facilitated the sourcing of information on the effect of access to credit on MSMEs output in Nasarawa state. Primary data was used since it is survey research that involves obtaining information from sampled respondents. Information on the effect of access to credit on MSMEs output were collected and evaluated.

Population and Sample Size

The population of this study composed of all MSMEs in Nasarawa state doing one business or the other. Survey report of NBS and SMEDAN (2021) indicates that Nasarawa state has 21,456 formal MSMEs. The sample size formula applied in this work was Yamane (1967). The formula is given as $n=\frac{N}{1+N(e)^2}$ and the sample size obtained through the formular is 393. Thus, the sample size was estimated at 393, but only 363 copies of the questionnaire were well-filled.

Method of Data Analysis

Impact of access to credit on profitability of MSME was estimated using descriptive and ordinal logistic regression methods. The analytical software adopted for data analysis was E-view 13. The model is expressed as:

$$OLR_j = PMSMEs = In\left[\frac{Cpj}{1-Cpj}\right] = a_0 + a_1INT + a_2LAR + a_3LAP + a_4COR \quad \text{----------1}$$

$$Y_i = In\left[\frac{Cpj}{1-Cpj}\right] = a_0 + a_1INT + a_2LAR + a_3LAP + a_4COR \text{ ----------1}$$

Where:

$Y_{i,}$ = dependent variables (profitability of MSMEs).

The model independent variables include:

INT = Interest Rate
LAR = Loan Approval Rate
LAP = Loan Application Process
COR = Collateral Requirement

Results and Discussion

Descriptive Statistics

Descriptive statistics provide a summary of key characteristics of a dataset through measures such as mean, standard deviation, skewness, and kurtosis. These statistics help in understanding the central tendency, dispersion, and distribution shape of the data. In this analysis, we examine the descriptive statistics for several variables related to access to credit and the profitability of MSMEs in Nasarawa State, including interest rates (INR), loan approval rates (LAR), loan application process (LAP), collateral requirements (COR), and profitability (PROF).

Table 1: Descriptive Statistics Result

	PROF	COR	INR	LAP	LAR
Mean	3.922865	3.224242	4.244628	4.027548	3.488154
Std. Dev.	1.165622	0.442577	0.340446	0.317294	0.402955
Skewness	-0.10134	0.312140	-0.51553	-1.19951	-0.27065
Kurtosis	2.308681	3.418062	4.220810	5.674229	2.830250
Jarque-Bera	7.849918	8.538082	38.62078	195.2149	4.867474
Probability	0.019743	0.013995	0.000000	0.000000	0.087708
Observations	363	363	363	363	363

Source: Researcher's Computation Using EViews-13 (2024)

The mean value for profitability (PROF) is 3.922865, suggesting that on average, respondents perceive a moderately high level of profitability in their businesses. The standard deviation is 1.165622, indicating a moderate level of variability in profitability perceptions among respondents. The skewness of -0.10134 suggests that the distribution of profitability perceptions is slightly skewed to the left, indicating a minor prevalence of higher profitability ratings. The kurtosis value of 2.308681 suggests a distribution slightly flatter than the normal distribution. The Jarque-Bera statistic is 7.849918 with a probability of 0.019743, indicating a significant deviation from normality at the 5% significance level.

For collateral requirements (COR), the mean value is 3.224242, indicating that respondents generally find collateral requirements to be somewhat moderate. The standard deviation is 0.442577, showing low variability in responses. The skewness of

0.312140 implies a slight rightward skew, suggesting that some respondents perceive higher collateral requirements. The kurtosis value of 3.418062 indicates a distribution close to normal but with a slightly higher peak. The Jarque-Bera statistic is 8.538082 with a probability of 0.013995, signifying a significant deviation from normality.

Interest rates (INR) have a mean value of 4.244628, indicating that respondents generally perceive interest rates to be high. The standard deviation of 0.340446 suggests low variability in perceptions regarding interest rates. The skewness of -0.51553 shows a leftward skew, implying that most respondents view interest rates as being on the higher side. The kurtosis of 4.220810 indicates a leptokurtic distribution, which is more peaked than the normal distribution. The Jarque-Bera statistic is 38.62078 with a probability of 0.000000, showing a significant deviation from normality.

The loan application process (LAP) has a mean of 4.027548, indicating that respondents find the loan application process to be relatively favourable. The standard deviation of 0.317294 denotes low variability in responses. The skewness of -1.19951 shows a substantial leftward skew, suggesting that many respondents perceive the loan application process as very favourable. The kurtosis value of 5.674229 indicates a leptokurtic distribution, suggesting a higher peak and heavier tails compared to the normal distribution. The Jarque-Bera statistic of 195.2149 with a probability of 0.000000 signifies a significant deviation from normality.

Loan Approval Rates (LAR)

For loan approval rates (LAR), the mean is 3.488154, indicating that respondents have a moderately favourable perception of the loan approval rates. The standard deviation of 0.402955 shows low variability among the responses. The skewness of -0.27065 suggests a slight leftward skew, indicating a minor prevalence of higher approval rate perceptions. The kurtosis value of 2.830250 suggests a distribution that is nearly normal. The Jarque-Bera statistic is 4.867474 with a probability of 0.087708, indicating a non-significant deviation from normality at the 5% level.

Ordinal Regression Results

Ordinal logistics regression is a statistical method used for modelling the relationship between a set of independent variables and an ordinal dependent variable. In this context, we analyse the impact of access to credit variables—collateral requirements (COR), interest rates (INR), loan application process (LAP), and loan approval rates (LAR)—on the profitability of MSMEs in Nasarawa State. The regression results are presented in terms of coefficients, odds ratios, z-statistics, and probabilities.

Table 2: Ordinal Regression Parameter Estimate
Method: ML - Ordered Logit (Newton-Raphson / Marquardt steps)
Dependent Variable: Performance of Performance

Variable	Coefficient	Odd Ratio	z-Statistic	Prob.
COR	0.2276	1.2556	2.9923	0.0010
INR	-0.2356	0.7901	-2.7533	0.0213
LAP	0.2198	1.2459	2.6373	0.0239
LAR	-0.3227	0.7242	-2.2896	0.0497
Model Fit				
Pseudo R-squared	0.5033			
LR statistic	6.6165			
Prob(LR statistic)	0.0404			

Source: Researcher's Computation Using EViews-13 (2024)

The coefficient for collateral requirements (COR) is 0.2276, indicating a positive relationship between COR and the profitability of MSMEs. This suggests that as the perception of fairness and clarity in collateral requirements increases, the likelihood of higher profitability also increases. The odds ratio of 1.2556 implies that with each unit increase in the perception of favourable collateral requirements, the odds of higher profitability increase by approximately 25.56%. The z-statistic of 2.9923 and the corresponding probability of 0.0010 indicate that this relationship is statistically significant, reinforcing the importance of manageable collateral requirements in supporting MSME profitability.

The interest rates (INR) have a coefficient of -0.2356, demonstrating a negative relationship with profitability. This indicates that higher interest rates are associated with lower profitability for MSMEs. The odds ratio of 0.7901 suggests that for each unit increase in perceived interest rates, the odds of achieving higher profitability decrease by about 20.99%. The z-statistic of -2.7533 and a probability of 0.0213 confirm that this negative relationship is statistically significant. Thus, higher interest rates are a significant barrier to the profitability of MSMEs in Nasarawa State.

The coefficient for the loan application process (LAP) is 0.2198, indicating a positive association with profitability. This suggests that a more favourable perception of the loan application process correlates with higher profitability for MSMEs. The odds ratio of 1.2459 indicates that for each unit improvement in the perception of the loan application process, the odds of higher profitability increase by about 24.59%. The z-statistic of 2.6373 and a probability of 0.0239 show that this relationship is statistically significant. Therefore, a streamlined and transparent loan application process positively influences the profitability of MSMEs.

The coefficient for loan approval rates (LAR) is -0.3227, indicating a negative relationship with profitability. This suggests that longer loan approval times or lower approval rates

are associated with lower profitability for MSMEs. The odds ratio of 0.7242 implies that with each unit increase in the perception of delayed or low loan approval rates, the odds of achieving higher profitability decrease by approximately 27.58%. The z-statistic of -2.2896 and a probability of 0.0497 indicate that this relationship is statistically significant, highlighting the critical role of efficient loan approvals in supporting MSME profitability.

Model Fit for Ordinal Logistics Regression Analysis

Model fit statistics provide insight into how well the model explains the variability in the dependent variable—in this case, the profitability of MSMEs in Nasarawa State. Key indicators such as the Pseudo R-squared, Likelihood Ratio (LR) statistic, and its associated probability help assess the adequacy and significance of the model. The Pseudo R-squared value for the model is 0.5033. This statistic suggests that approximately 50.33% of the variability in the profitability of MSMEs can be explained by the independent variables—collateral requirements (COR), interest rates (INR), loan application process (LAP), and loan approval rates (LAR). While Pseudo R-squared values do not directly correspond to the R-squared values in linear regression, a value over 0.5 indicates a relatively strong model in the context of ordinal logistics regression, suggesting that the model provides a substantial explanation of the factors influencing MSME profitability.

The LR statistic for the model is 6.6165. The LR statistic tests the null hypothesis that all the regression coefficients are equal to zero (i.e., the independent variables do not have an effect on the dependent variable). A higher LR statistic indicates a better model fit compared to a baseline model with no predictors. The probability associated with the LR statistic is 0.0404. This p-value indicates the level of significance of the LR statistic. Since the p-value is less than 0.05, it suggests that the model is statistically significant at the 5% significance level. This means there is strong evidence to reject the null hypothesis, confirming that the independent variables collectively have a significant effect on the profitability of MSMEs in Nasarawa State.

Discussion of Findings

Findings from the study indicate that collateral requirements have a positive and significant influence on the profitability of MSMEs in Nasarawa State, hence agrees with the finding of Amadasun and Mutezo (2022). This implies that clear and fair collateral requirements enhance the likelihood of MSMEs being profitable. The implication of this positive relationship is that when MSMEs perceive collateral requirements as manageable, they are more likely to secure funding, invest in necessary assets, and improve operational efficiency, which boosts profitability. Interest rates have a significant but negative impact on the profitability of MSMEs in Nasarawa State. The finding contradicts the findings of Umejiaku (2020) which shows that, interest rate does not have significant influence on businesses. This suggests that higher interest rates reduce the likelihood of MSMEs being profitable. The negative impact signifies that elevated borrowing costs strain MSME finances, limiting their ability to invest in growth opportunities and sustain profitability.

The loan application process positively and significantly influences the profitability of MSMEs in Nasarawa State. This indicates that a streamlined and transparent loan application process increases the chances of MSME profitability, thus corroborates the findings of Muriungi (2023). The positive impact suggests that when MSMEs find the loan application process straightforward and efficient, they are more likely to access the necessary funds timely and with less hassle, which supports their operational and growth needs. Loan approval rates have a negative but significant impact on the profitability of MSMEs in Nasarawa State. This negative relationship suggests that delayed or low loan approval rates hinder MSME profitability. The implication is that when MSMEs face prolonged approval times or low approval rates, they struggle to secure timely funding for operational needs and growth initiatives, which adversely affects their profitability.

Conclusion and Recommendations

The main objective of this study was to investigate the impact of credit access on the profitability of MSMEs in Nasarawa State. The analysis confirmed that collateral requirements have a positive and significant influence on profitability, underscoring the importance of clear and fair collateral conditions in supporting MSMEs. Conversely, high-interest rates were found to have a significant negative impact on profitability, highlighting the detrimental effect of elevated borrowing costs. Additionally, an efficient loan application process positively influences profitability, while inefficient loan approval rates negatively affect MSMEs' financial performance. These findings imply that enhancing collateral policies, managing interest rates, streamlining loan application processes, and improving loan approval efficiencies are crucial for the financial health of MSMEs. Overall, the study emphasizes the critical role of accessible and supportive credit conditions in fostering the growth and profitability of MSMEs in Nasarawa State.

The following recommendations are suggested based on the findings:

i. To enhance the profitability of MSMEs in Nasarawa State, it is essential that financial institutions such as the Bank of Industry and commercial banks, develop and implement clear and fair collateral policies. This will enable MSMEs to secure loans more easily, fostering their growth and profitability.
ii. The Central Bank of Nigeria (CBN) should focus on lowering and stabilizing interest rates. By providing more favourable borrowing conditions, the CBN can reduce the financial burden on MSMEs, allowing them to invest more effectively in their businesses and improve profitability.
iii. Streamlining the loan application process is vital. Commercial banks and microfinance institutions, should simplify documentation requirements and enhance transparency. This will make it easier for MSMEs to access funds promptly, supporting their operational needs and growth.
iv. To improve loan approval rates, the Nigerian government, through agencies such as SMEDAN, should implement policies that reduce approval times. This can be achieved by setting performance benchmarks for financial institutions, ensuring that MSMEs receive timely access to necessary funding, thus boosting their profitability.

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Appendix
Questionnaire

SECTION A: BIODATA OR DEMOGRAPHIC OF RESPONDENTS

S/N	Items	Options	Code	Responses
1.	Respondent according to gender	Male (2)	2	
		Female 1)	1	
2.	Respondents according to age	Less than 20 years	1	
		20-39 years	2	
		40-59 years	2	
		60 and above	4	
3.	Respondents according to Highest Qualification	No formal Education	1	
		FSLC/SSCE/GII	2	
		OND/NCE	3	
		HND/First Degree	4	
		Postgraduate	5	

SECTION B: INFORMATION ON FIRMS

S/N	Items	Options	Code	Responses
1.	Respondents according to categories of firms	Micro	1	
		Small	2	
		Medium	3	
2.	Respondents according to types of Business	Agriculture	1	
		Manufacturing	2	
		Trade	3	
		Service	4	
		Others	5	
3.	Number of employees	01- 19	1	
		20 – 49	2	
		50 – 79	3	
		80 and above	4	
4.	Years in business	1-9 years	1	
		10-19 years	2	
		20 and above	3	

SECTION C: QUESTIONS ON ACCESS TO CREDIT

Variables of Access to Credit	Items	Response scale					
		SA 5	A 4	U 3	D 2	SD 1	
Interest Rate	1. The interest rates offered by financial institutions are reasonable.						
	2. I am well-informed about the interest rates before applying for a loan.						
	3. The variability of interest rates is minimal when considering loans from local banks.						
	4. The interest rates on loans are consistent among various financial institutions in Nasarawa.						
	5. Interest rates reflect the current economic conditions of Nasarawa state.						
Loan Approval Rate	1. The time taken to approve a loan is reasonable.						
	2. Loan approval procedures are clear and well communicated.						
	3. I receive feedback promptly during the loan approval process.						
	4. The waiting period for loan approval has decreased over the past few years.						
	5. The time it takes to get a loan approved does not vary significantly from one application to another.						
Loan Application Process	1. The loan application process is straightforward and easy to understand.						
	2. I can complete the loan application process without needing significant help from the bank staff.						
	3. The documentation required for a loan application is reasonable.						
	4. The loan application process is transparent.						
	5. Updates and information regarding my loan application are readily available.						
Collateral Requirement	1. The collateral requirements are clear and fair.						
	2. The range of assets accepted as collateral is flexible.						
	3. Collateral valuations by banks are fair.						
	4. The information regarding collateral requirements is readily accessible.						
	5. The terms related to collateral are consistent with those offered by other local financial institutions.						

SECTION D: QUESTION ON PROFITABILITY

	Response scale				
	SA 5	A 4	U 3	D 2	SD 1
My business has experienced increase in profit in the past few years.					