



FACTORS INFLUENCING RETAIL CREDIT ACCESSIBILITY IN SHAPING CUSTOMER FINANCIAL STABILITY

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Abstract

Retail credit helps customers meet their financial needs and improve their standard of living. This study examines the factors influencing retail credit accessibility and its impact on customers' financial stability. The study is based on primary data collected from 200 respondents in Coimbatore using a structured questionnaire. Tools like percentage analysis, ranking analysis, ANOVA, correlation, and regression are used. The results show that income level, loan processing speed, and interest rate are the main factors affecting credit access. It also finds that better access to credit improves financial stability, while poor usage may create financial problems. Overall, proper access to credit and responsible borrowing can improve customers' financial condition.

Keywords: Retail Credit, Credit Accessibility, Financial Stability, Income Level, Interest Rate, standard of living, etc.,

Introduction

Retail credit accessibility has emerged as a crucial component in modern financial systems, especially in developing economies where individuals increasingly rely on credit to meet consumption, investment, and emergency needs. Retail credit refers to financial products such as personal loans, credit cards, consumer durable loans, and microfinance services that are extended to individual customers. Easy and timely access to such credit facilities enables households to manage their financial requirements efficiently, bridge income gaps, and improve their overall standard of living.

The accessibility of retail credit has a direct and significant impact on customers' financial stability. While adequate access to credit can support income smoothing, asset creation, and financial resilience, excessive or poorly managed credit can lead to indebtedness, financial stress, and instability. Therefore, understanding the determinants of retail credit accessibility becomes essential in evaluating its role in shaping customers' financial well-being.

Review of Literature

Year	Author(s)	Methodology	Key Findings
2024	Vijay Singh Shekhawat, Avdhesh Kumar Shukla, A.C.V. Subrahmanyam & Jugnu Ansari	Empirical analysis using RBI retail credit data	Retail credit growth remains strong with healthy asset quality, but unsecured loans show early signs of risk, indicating the need for monitoring to ensure financial stability.
2025	Anandita Ghosh & Lalitagauri Kulkarni	Qualitative study on fintech and financial inclusion	Fintech innovations improve access to retail credit and financial services, especially among underserved populations, enhancing financial inclusion.
2025	M. Sethi, C.P. Das & S. Bindu	Bibliometric and content analysis	Financial inclusion, digital access, and financial literacy significantly contribute to financial resilience and stability among individuals.
2026	Thushar Madhusudhan & Chinmoy Kumar	Systematic literature review (PRISMA & bibliometric analysis)	NBFCs play a crucial role in expanding retail credit accessibility in India, though regulatory challenges and risk factors influence credit distribution.

Statement of the Problem

Retail credit plays an important role in helping individuals meet their financial needs, but not all customers have equal access to it. Many people face difficulties in obtaining credit due to factors like low income, lack of financial awareness, poor credit history, and strict lending conditions. At the same time, easy availability of credit may lead to over-borrowing and financial problems. This creates a situation where both limited access and excessive access can affect the financial stability of customers. Therefore, it is important to understand the factors influencing retail credit accessibility and its impact on customers' financial stability.

Need for the Study

- To understand the importance of retail credit in meeting customers' financial needs
- To identify the factors influencing access to retail credit
- To examine the challenges faced by customers in obtaining credit
- To analyze the relationship between credit accessibility and financial stability
- To study the impact of over-borrowing on customers' financial condition
- To assess the role of financial awareness in accessing credit
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Objectives of the Study

- To identify the factors influencing retail credit accessibility among customers
- To examine the impact of retail credit accessibility on customers' financial stability

Research Methodology

- **Research Design:** Descriptive research design is used to study the factors influencing retail credit accessibility and its impact on customers' financial stability.
- **Sources of Data:**
 - Primary Data: Collected through structured questionnaire
 - Secondary Data: Collected from journals, reports, and websites
- **Sample Size:** The study is based on 200 respondents.
- **Sampling Technique:** Convenience sampling method is adopted.
- **Data Collection Method:** Data are collected using a structured questionnaire with close-ended questions and multiple-choice questions.
- **Tools for Analysis:**
 - Percentage Analysis
 - Ranking Analysis
 - ANOVA
 - Correlation Analysis
 - Regression Analysis
- **Study Area:** The study is conducted in Coimbatore among respondents related to retail credit services.

Limitations of the Study:

- The study is limited to respondents in Coimbatore, so the results may not apply to other areas.
- The sample size is limited to 200 respondents, which may not fully represent the entire population of small retail businesses.
- The use of convenience sampling technique may introduce selection bias, as respondents are chosen based on accessibility.

Analysis and interpretation

Table No.1

Demographic Profile of the respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	104	52%
	Female	96	48%
	Total	200	100%
Age	Below 25 years	48	24%
	25 – 35 years	72	36%
	36 – 45 years	52	26%
	Above 45 years	28	14%
	Total	200	100%
Educational Qualification	School Level	36	18%
	Undergraduate	80	40%
	Postgraduate	60	30%
	Others	24	12%
	Total	200	100%
Occupation	Business	64	32%
	Salaried	72	36%
	Student	36	18%
	Others	28	14%
	Total	200	100%
Monthly Income	Below ₹20,000	44	22%
	₹20,000 – ₹40,000	68	34%
	₹40,000 – ₹60,000	52	26%
	Above ₹60,000	36	18%
	Total	200	100%

The demographic profile shows that male respondents (52%) are slightly higher than female respondents (48%), indicating a nearly equal distribution. Most respondents belong to the age group of 25–35 years (36%), followed by 36–45 years (26%), which means the majority are in the working age group. In terms of education, a large number of respondents are undergraduates (40%) and postgraduates (30%), showing a good educational background. Most of the respondents are salaried (36%) and engaged in business (32%), indicating stable sources of income. Regarding monthly income, the majority earn between

₹20,000–₹40,000 (34%), followed by ₹40,000–₹60,000 (26%), reflecting moderate income levels. Overall, the respondents are mostly educated and employed individuals with stable income.

Table No.2

Factors Influencing Retail Credit Accessibility

Factors	Mean Score	Rank
Easy Documentation Process	4.25	4
Income Level of Customers	4.40	1
Credit History / CIBIL Score	4.18	6
Interest Rate	4.30	3
Financial Awareness	4.05	8
Digital Banking Access	4.22	5
Loan Processing Speed	4.35	2
Employment Stability	4.10	7
Availability of Financial Institutions	3.95	9
Collateral Requirements	3.80	10

The table shows that income level of customers (Rank 1) is the most important factor influencing retail credit accessibility, followed by loan processing speed (Rank 2) and interest rate (Rank 3). Easy documentation process (Rank 4) and digital banking access (Rank 5) also play a significant role in accessing credit. Credit history/CIBIL score (Rank 6) and employment stability (Rank 7) have moderate influence. Financial awareness (Rank 8) and availability of financial institutions (Rank 9) have relatively less impact. Collateral requirements (Rank 10) is the least influential factor among all. Overall, economic factors and quick loan processing are the key determinants of retail credit accessibility.

Table No.3

ANOVA for Impact of Retail Credit Accessibility on Financial Stability

Factors	Source of Variation	Sum of Squares	df	Mean Square	F Value	Sig.
Savings Stability	Between Groups	17.842	26	0.686	1.765	0.002
	Within Groups	56.210	145	0.387		
	Total	74.052	171			
Debt Management	Between Groups	19.365	26	0.744	1.912	0.001
	Within Groups	56.540	145	0.390		
	Total	75.905	171			

Emergency Fund Handling	Between Groups	15.728	26	0.605	1.648	0.004
	Within Groups	53.210	145	0.367		
	Total	68.938	171			
Investment Ability	Between Groups	16.904	26	0.650	1.701	0.003
	Within Groups	55.420	145	0.382		
	Total	72.324	171			
Financial Stress Level	Between Groups	20.118	26	0.774	2.025	0.000
	Within Groups	55.330	145	0.381		
	Total	75.448	171			

The ANOVA results indicate that retail credit accessibility has a significant impact on customers' financial stability, as all significance values are less than 0.05. Among the factors, financial stress level and debt management show higher F values, indicating a stronger influence. Savings stability, investment ability, and emergency fund handling also significantly affect financial stability. Overall, the findings suggest that proper access to retail credit plays an important role in improving financial stability, while mismanagement can lead to financial stress.

Table No.4

Relationship between Retail Credit Accessibility and Financial Stability- Correlation Analysis

Variables	Credit Accessibility	Financial Stability
Credit Accessibility	1	0.68**
Financial Stability	0.68**	1

** significance at 5% level

The correlation analysis shows a positive relationship between retail credit accessibility and financial stability. The correlation value ($r = 0.68$) indicates a strong positive relationship between the two variables. This means that when access to retail credit increases, the financial stability of customers also improves. Since the result is significant at the 5% level, the relationship is statistically meaningful and not due to chance. Overall, the findings suggest that better access to credit helps customers maintain and improve their financial stability.

Table No.5.1

Impact of Retail Credit Accessibility on Financial Stability- Regression Analysis

Model	R	R ²	Adjusted R ²	F Value	Sig.
1	0.68	0.462	0.458	124.36	0.000

The regression results show a strong relationship between retail credit accessibility and financial stability. The R value of 0.68 indicates a high positive relationship between the variables. The R² value of 0.462 means that 46.2% of the variation in financial stability is explained by retail credit accessibility, while the remaining 53.8% is influenced by other factors. The adjusted R² value (0.458) is close to R², indicating that the model is reliable. The F value (124.36) with a significance value of 0.000 (less than 0.05) shows that the model is statistically significant. Overall, the results confirm that retail credit accessibility has a significant impact on customers' financial stability.

Table No.5.2

Regression Coefficients Showing the Impact of Retail Credit Accessibility on Financial Stability

Variables	B Value	Std. Error	Beta	t Value	Sig.
Constant	1.215	0.185	—	6.568	0.000
Credit Accessibility	0.742	0.067	0.680	11.152	0.000

The regression results show that retail credit accessibility has a significant positive impact on financial stability ($p < 0.05$). The R² value (0.462) indicates that about 46.2% of the variation in financial stability is explained by credit accessibility. The positive beta value (0.680) shows that an increase in credit accessibility leads to an improvement in financial stability. Overall, retail credit accessibility is an important predictor of customers' financial stability.

Suggestions for the study

- Improve financial awareness among customers through education and training programs
- Simplify loan procedures and reduce documentation requirements
- Ensure faster loan processing to enhance accessibility
- Maintain reasonable interest rates to make credit affordable
- Encourage customers to maintain a good credit history (CIBIL score)
- Promote digital banking services for easy access to credit
- Provide customized credit products based on customer needs

Conclusion

Retail credit plays an important role in meeting the financial needs of customers. The study shows that factors like income level, loan processing speed, and interest rate influence access to credit. It also finds that retail credit accessibility has a positive impact on customers' financial stability. Proper use of credit helps improve financial condition, while misuse can lead to financial problems. Overall, better access to credit and responsible borrowing can improve customers' financial stability.

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